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General

Journal Views U.S.-Soviet Relations

HK0202085590 Beijing SHIJIE ZHISHI in Chinese No. 1, 1 Jan 90

[Article by Sa Benwang (5646 2609 2598): "Malta Meeting Continues To Promote Detente; the Road of U.S.-Soviet Relations Is Not Yet Smooth"]

[Text] From 2 to 3 December last year, Bush and Gorbachev held an unofficial summit meeting aboard a liner at the Malta port. Because the meeting was an unofficial one in the nature of "getting acquainted" and "being transitional," there was no agreement other than an official summit in the United States in the second half of this June. Not even a joint communique was issued. The short speeches released by the two heads of state at a press conference marked the end of the meeting. The heads of the United States and the Soviet Union at this meeting held discussions on the international situation, bilateral relations, regional problems, arms control and disarmament, and other wide-ranging problems. This brought about deeper mutual understanding and enabled the two to come closer to agreement on many problems. But there also existed many differences. The meeting gave expression to the beginnings of continuous detente between the United States and the Soviet Union and laid the foundation for an official summit between the two in the second half of June.

Compared with several previous meetings between the heads of the United States and the Soviet Union, the recent summit has new features chiefly manifested in the following several respects:

1. The initiative at the meeting has been passed to the U.S. President. In the past few years, Gorbachev often subjected the United States to "peace offensives" diplomatically. At every summit meeting, he first came out with some unexpected suggestions, putting the U.S. President in a passive position and sometimes even catching the latter unprepared in reaction. But the recent summit was held at the suggestion of Bush. Bush had also made adequate preparations beforehand. At the very beginning of the meeting, he put forward 16 suggestions, putting Gorbachev in a passive state. Gorbachev made no surprising move other than the suggestion to reduce U.S. and Soviet naval strength.

2. Gorbachev had a moderate view of the meeting, while Bush was quite enthusiastic about it. In the past, after a U.S.-Soviet meeting, Gorbachev liked to make much of it. This time, he admitted that the meeting had "not only optimistic factors but also pessimistic ingredients." "Some prudent factors should be reserved." Instead Bush said keenly: "Now given reforms in the Soviet Union, we will soon start a new era in U.S.-Soviet relations."

3. The East European problem occupied the most prominent position at the meeting. This was unprecedented in many years. After a visit to Poland and Hungary last mid-July, Bush suggested meeting with Gorbachev ahead of time. The main intention was to get at what was actually the Soviet Union's East European policy. Of course, given drastic changes in the East European situation, the Soviet Union also wants to bring its stand on East Europe in line with that of the United States and find out the true intentions of the United States.

4. At the meeting, the Soviet Union's economic difficulties were discussed. This was something unprecedented in the post-war history of U.S.-Soviet summit meetings. The Soviet Union is now so hardpressed economically that it has to turn to the United States for help. Bush expressed willingness to take the Soviet Union's coming close politically and economically to the U.S. pattern as a prerequisite in conditionally supporting the Soviet Union.

5. The problem of arms control and disarmament for the first time did not become the center of the meeting. At the summit meetings between the United States and the Soviet Union since the 1970's, the problem of arms control and disarmament had all along been the most important subject. This time it was relegated to a secondary position. Originally, Gorbachev still wanted to solve some disarmament problems in order to strengthen his own hand. But on the eve of the meeting, Bush was quick to raise regional problems like the Soviet Union's transportation of SAM-7 air defense missiles to El Salvador's contras, watering down the disarmament problem. Bush actually imposed pressure on Gorbachev, forcing the Soviet Union to make still more concessions. The Malta summit did not have many surprising results. But it will still play an important role in stimulating continuous development of detente of the past few years between the United States and the Soviet Union. It can be predicted that with the start of the 1990's, the U.S.-Soviet relations will become warmer, with the continuous strengthening of dialogue and cooperation between the two.

This will first find expression in the continuous weakening in the degree of military threat and military antagonism between both sides. The United States and the Soviet Union have set two foreign ministerial meetings for this January or February, trying to solve differences on strategic arms limitations talks as quickly as possible by starting with the solution of such problems as programming cruise missiles in the air, limiting strategic missiles yet to be deployed, telemetry coding in missile testing, and so forth. Both sides expressed a desire to strive for the signing of an agreement to reduce by 50 percent strategic nuclear weapons at the official summit this June. Within this year, the United States and the Soviet Union are also likely to reach an agreement of sorts on the prohibition of chemical weapons and to achieve major progress in bringing about the Vienna talks with 23 countries on conventional weapons reduction in Europe.

It seems that both the United States and the Soviet Union have found certain "common points of interest." At the Malta meeting, "both sides pointed out the great significance of guaranteeing stability in Eastern Europe." Gorbachev expressed welcome for the progress in Eastern Europe, considering the changes in Eastern Europe as a source of "inspiration and stimulation to the Soviet Union." Bush also said: "The borders of various European countries have been defined at the Helsinki Conference" with no tolerance for free alternation. Bush also affirmed that both the United States and the Soviet Union hoped for a stabilizing role to be continuously played by the two big groups of NATO and the Warsaw Pact and did not hope for their disappearance.

The recent meeting has brought a new situation in economic and trade cooperation between the United States and the Soviet Union. Both sides have decided after discussions to prepare before this June a draft for a new trade agreement between the United States and the Soviet Union. The United States is likely to give the Soviet Union most favored nation status in trade, greatly relaxing trade restrictions on the Soviet Union. The United States also said it would support the Soviet Union in winning an observer's status in the GATT organization.

On the other hand, we can see from the Malta meeting that differences still existing between the United States and the Soviet Union. Their antagonism in regard to long-term strategic intentions is likely to assert itself at any time. The U.S. propaganda machine said that the Malta meeting is "a result of promoting what goes beyond a policy of containment." The Soviet side said: "The meeting shows that new political thinking brings remarkable results." We know that "what goes beyond the policy of containment" and "new thinking" are both aimed at strengthening oneself and weakening the other.

Concerning regional problems, the fundamental interests of the United States and the Soviet Union are also in conflict. Take Eastern Europe for instance. Gorbachev's suggested "European common home" is intended to squeeze U.S. influences out of Europe. The center of Bush's suggestion about "a unified and free Europe" calls for making all Europe "free," enabling East Europe to get rid of Soviet influence and control. As to the Central American problem, both sides, after the meeting, openly admitted that "differences remained." Gorbachev said that the Soviet Union learned that Nicaragua had stopped sending arms to contras in El Salvador. Bush said in reply that this was a "sheer lie."

The United States and the Soviet Union have their respective ways of thinking on economic cooperation. The United States promised to consider giving the Soviet Union preferential treatment in economic matters and trade, but with exacting political conditions attached. For instance, the Soviet Union is called upon to "open the door still wider"; practice "the marketization of the economy" and "political pluralization"; relax restrictions on Soviet citizens traveling abroad; make public Soviet troop strength, military spending; and conditions about war production; and so forth. General public opinion considers that the Soviet Union can hardly yield so far as to accept all these conditions. Therefore, U.S. and Soviet economic and trade cooperation can hardly take a big step forward.

Therefore, U.S. and Soviet economic and trade cooperation talks are also not all plain sailing. There are still several hundreds of areas of dispute where the treaty to reduce strategic weapons is concerned. There are still certain difficulties involved to get the treaty signed in June of this year. The conventional arms reduction talks involve 23 countries with different ways of thinking. An even bigger problem is being encountered. As to the Soviet suggestion about reducing U.S. and Soviet naval strength, this was flatly rejected by the United States.

Just as Gorbachev said, the storm at sea during the Malta meeting signaled that the future road of U.S.-Soviet relations would not be "flat and even" and that it would "still run into difficulties and unexpected obstacles."

World's Militarily Troubled Areas Viewed

HK0202120390 Beijing JIEFANGJUN BAO in Chinese 21 Dec 89 p 4

[Article by Wang Yang (3769 5017), Research Fellow at the Academy of Military Sciences: "Military Situation in World's Flash-Point Areas This Year"]

[Text] In 1989, against the larger background of continued easing of the whole international strategic situation, the military situation in the world's flash-point areas changed from tension to relaxation, and most of the feuding parties abandoned military confrontation for political dialogue. However, the extremely complicated conflicts leading to local wars or armed clashes in the past have not yet been eliminated, and time is required for these problems to be solved.

This year the military situation in various flash-point areas have, on the basis of the important changes taking place last year, had different degrees of progress. Through mediation of many sides and dialogues, among those who have reached cease-fire agreements this year are Angola, Nicaragua, El Salvador, Lebanon and the warring parties in West Sahara. Among those who have announced completion of troop withdrawal is the Soviet Army, which had invaded Afghanistan. Among those who have agreed to withdraw troops step by step are the Cuban Army stationed in Angola, the South African forces which invaded Angola and Namibia, as well as the Indian Army stationed in Sri Lanka; even Vietnam's invasion forces in Cambodia could not but express the desire to withdraw, though they have not really withdrawn completely. Among those who have confronted each other for many years and have now entered a phase of dialogue are the United States and the Palestinian Liberation Organization; Turkey and Greece, over Cyprus; as well as South Yemen and North Yemen, etc. Among those who have reached a new agreement on the

basis of maintaining a truce are Iraq and Iran etc. And among those who have established or are about to establish themselves as new states are the Palestinian State and Namibia, etc.

There are many reasons why the military situation in the flash-point areas have eased, and the main reasons are as follows: First, large numbers of casualties and economic contraction have made it difficult to continue fighting. The war in Afghanistan has resulted in one million casualties and deaths, four or five million refugees fleeing Afghanistan, and economic losses amounting to $5 or even $6 billion. The war between Iran and Iraq has caused several million casualties and deaths on both sides, and $500 billion or $600 billion in economic losses; 60 percent of their national incomes have been spent on the war, driving the economies of the two countries back 20-30 years. War has brought an "overall crisis" to Angola's economy, two-thirds of its mining and industrial enterprises have collapsed, 98 percent of the arable land laid idle, and economic losses amounted to about $12 billion. South Africa has spent $30 billion on war, and owed debts as great as $22 billion. The peoples in the warring states could not bear the pain of long-term warfare, and strongly demanded a truce and peace, while the governments also found difficulties in feeding war, and could not but seek political solutions. Second, the Soviet Union and the United States have adjusted their policies on regional conflicts, advocated dialogues and talks as means to solve regional problems on the basis of "balanced interests," and established a 4-level consultation system including summit, foreign minister, deputy foreign minister, and expert talks, to enhance understanding and coordinate interests. According to incomplete figures, there have been more than 20 U.S.-Soviet consultation meetings on regional problems at the deputy foreign minister level this year. Third, the United Nations and cooperative organizations have done many tasks to mediate regional conflicts and promote local peace progress, playing a very important role.

The easing of the military situation in the flash-point areas does not mean that basic conflicts have been solved. In some flash-point areas the craze may come again, and some areas may become new flash-point areas. For example, the Middle East can still be a very spectacular flash-point area. First, the Palestinian problem cannot be solved in one day. Up to now, Israel still refuses to recognize the Palestinian Liberation Organization and the Palestinian state, or to hand back the occupied territory, while the United States has not abandoned its stand of favoring Israel. Although a large-scale war between Israel and Palestine will not break out here, scattered fightings and small-scale armed clashes will take place from time to time. Second, although Iran and Iraq have a cease-fire, the border problem between the two countries has not yet been solved, and there are still unstable factors. Furthermore, in Lebanon, although various antagonistic sides agreed to a cease-fire, artillery actions broke out again. Michel Aoun still refuses to recognize the new president, the factors to international involvement still exist, and the situation will continue to be tense and tumultuous. Last, there is no guarantee that there will be no trouble in the peace progress in Western Sahara and Chad. The superpowers and strong countries in the West have long looked with envy at the oil resources in the Middle East, and they certainly will not give up their strategic interests there; this will bring further instability to the Middle East situation.

Wars may break out again in Central America and southwest Africa. The United States has leveled its big gun at Panama, and conflicts may intensify at any moment. Also, the Soviet Union and the United States have not stopped economic and military aid to the relevant parties in Nicaragua and El Salvador, whereas South Africa has not changed its policy on apartheid. The possibility of armed clashes in these two areas cannot be eliminated.

There are still unstable security factors in the areas around our country. The wars in Afghanistan and Cambodia may develop into long-term civil wars. Vietnam has yet to stop its harassment at our southern border and its invasion into our Nansha Islands. All these warrant close attention.

Article Examines U.S.-Soviet Cooperation

OW0802112590 Beijing BEIJING REVIEW in English Nos. 5-6, 29 Jan-11 Feb 90, pp 9-13

[Article by Gu Guanfu and Wang Baoqin: "U.S.-Soviet Relations More Co-operative"]

[Text] The world witnessed many breathtaking changes in 1989, with the cooling down of regional "hot-spots" and drastic changes in Eastern Europe being the most prominent. The result is that international attention is once again focused on Europe.

The United States and the Soviet Union, while willing to encourage the evolution of the European situation, are afraid that they will lose control. Eager to find a solution favorable to both sides, Soviet leader Mikhail Gorbachev and U.S. President George Bush hastily held an informal summit meeting in early December off Malta to discuss the current situation and other issues. After the summit, both declared that the Cold War between the East and West was over and that U.S.-Soviet relations had entered a new era of mutual accommodation and co-operation.

Mutual Co-operation

The U.S.-Soviet relationship has changed because, according to Washington and Moscow, the two superpowers have found common ground and identical views on a series of issues, turning their relationship from confrontation to dialogue, to mutual understanding and co-operation.

Trust, replacing old suspicions, has begun to be established between the two superpowers. This is especially

evident in Washington. Bush's predecessor, Ronald Reagan, regarded the Soviet Union as an "evil empire," arch rival and threat to U.S. global interests. Gorbachev's "new political thinking" and related foreign policy adjustments, in Reagan's eyes, were nothing but a decoy to win a respite to rescue the faltering Soviet economy.

Consequently, the United States had kept a suspicious eye on Gorbachev's *perestroyka*(restructuring), which, if successful, would enable the Soviet Union to become a stronger rival. Therefore, the Reagan administration had attempted to exhaust the Soviet economy with an arms race, particularly the Strategic Defence Initiative.

After his inauguration as president in January 1989, Bush retained this wary attitude towards Moscow. To re-examine U.S. policy, he conducted a nationwide debate. Several months of observation and deliberation finally convinced him that Gorbachev's reform was a revolution which, if earnestly implemented, would fundamentally change the Soviet political and judicial systems.

Washington was encouraged especially by Moscow's aboutface in its attitude towards Eastern Europe. When drastic changes took place in Poland and Hungary, Moscow stressed repeatedly that it would not interfere in their internal affairs. Declaring that each country has the absolute right to choose its own political and social system, Moscow did not hesitate to accept the non-Communist government led by solidarity in Poland, and the major reshuffle in the Hungarian Socialist Workers' Party and the government. The Bush administration considered this more convincing evidence than the Soviet pullout from Afghanistan in February 1989 that Gorbachev had indeed renounced the so-called "Brezhnev doctrine."

In light of this, Washington formulated a bold strategy known as "beyond containment" aimed at the Soviet Union and Eastern Europe in the belief that the historic opportunity to bring about a "peaceful evolution" in Eastern Europe, for which it had waited for more than 40 years, had come at long last.

To implement this strategy, Bush visited Poland and Hungary last July. Later, Bush issued an invitation to Gorbachev proposing an immediate informal summit before the formal one scheduled for this June.

The two countries also have made a breakthrough in their economic relations. In the past, afraid of making the Soviet Union strong, the United States had restricted economic activities with the Soviet Union. At the Malta summit, however, Bush unexpectedly showed enthusiasm for economic co-operation with the Soviets. He offered Gorbachev a long list, which included 16 joint projects centred around economic co-operation. According to Gorbachev, this was the first time that a U.S. president had ever showed interest in conducting economic co-operation with the Soviet Union. He said this question had never been on the agenda at previous summit meetings.

Bush made it clear that the Soviet Union was welcome to join the international community, including participation as an observer at meetings of the General Agreement on Tariffs and Trade (GATT). He also promised that at the formal summit in June a long-term trade agreement would be signed that would grant "most-favoured-nation" status to the Soviet Union, provide loans to Moscow and encourage U.S. businessmen to invest in the Soviet Union. Soon a group of U.S. economic experts will be sent to the Soviet Union. All this points to the likelihood of a rapid expansion in U.S.-Soviet economic ties.

In the field of arms control, both sides have expressed a desire to speed up the pace of disarmament. At the Malta summit, they agreed to accelerate arms control negotiations and even worked out a timetable for several agreements to be reached.

First, they will make arrangements for the June signing of an agreement that will cut strategic weapons by 50 percent. Bush offered to drop the long-standing U.S. opposition to the inclusion of mobile missiles and the MX system in the strategic arms talks. He also agreed that both countries' foreign ministers would meet to iron out their differences.

Second, they will conclude an agreement in June that will cut chemical arsenals by 80 percent.

Third, the focus of disarmament will shift to European conventional forces and both superpowers will strive to reach an agreement before the end of the year.

Recently, the Warsaw Pact and the North Atlantic Treaty Organization published their versions of an agreement on European conventional disarmament. The two plans contain similar ceilings on troop levels. Because of the current imbalance, the Soviet Union would have to cut 300,000 troops stationed in Europe, while Washington would need to remove 30,000 soldiers to reach those ceilings.

Washington and Moscow have also reached an understanding on the European question. The interests of both superpowers have been shaken by the rapidly changing situation, and they are concerned with two questions.

One is that the situation in Eastern Europe might get out of control. Although promising not to intervene, both superpowers are seeking to direct the situation in their favour.

The second question is the reunification of Germany, caused by Democratic Germany's opening of the Berlin Wall. This will directly challenge the Yalta settlement established by the United States, Britain and the Soviet

Union. Because their interests are similar, the superpowers will co-operate both to prevent the European situation from getting out of control and to maintain the territorial status quo.

Moscow's Concessions

The improvement in superpower relations is the result of adjustments in Soviet policies stemming from Gorbachev's "new thinking."

First, Moscow seeks Western support to tide the troubled *perestroyka* programme over its present difficulties. Although some successes have been achieved in Gorbachev's political and economic reforms, the Soviet economy has steadily deteriorated.

According to Soviet reports, consumer goods are in short supply and debts continue to mount. Total domestic debt reached 350 billion rubles and the foreign debt was 34 billion rubles (U.S.$54 billion) in 1989. Moreover, unstable social factors, such as unprecedented ethnic unrest, strikes and crime, including prostitution and drug abuse, have increased.

To extricate itself from this predicament, the Soviet Union wants to get support from the West, including "most-favoured-nation" status from the United States and admission to GATT, the International Monetary Fund, the World Bank and other international economic and financial organizations. To achieve these goals U.S. support is necessary.

Second, Moscow seeks to reach a tacit agreement with the United States on Eastern Europe in order to maintain existing borders and prevent the Warsaw Pact from dissolving. Developments in Eastern Europe are still difficult to predict, although Moscow has said publicly that the East European situation is normal and healthy, it is still worried. It has informed Washington of its intentions and concerns: (1) the Soviet Union will not intervene militarily in Eastern Europe and it recognizes these countries' right to decide their own destinies and social systems; (2) it permits and encourages East European countries to strengthen co-operation with the West as long as they don't violate agreements and treaties reached in the mid-1970s concerning the integrity of existing borders as well as documents of the Conference on Security and Co-operation in Europe; (3) it favours diluting the military nature of the Warsaw Pact and NATO and disbanding these two organizations when conditions are ripe. But under present conditions Moscow requires East European nations to remain in the Warsaw Pact; (4) it hopes the United States maintains a restrained approach to changes in Eastern Europe and does not try to tempt the new governments away from existing alliances.

In general, Gorbachev has tried to formulate principles that both Moscow and Washington can follow so that the East European situation can be controlled within limits acceptable to both the Soviet Union and the United States.

Third, the Soviet Union seeks to control contacts between Eastern and Western Europe in order to avoid a situation where they might combine to exclude the superpowers.

Because of the rapid changes in Eastern Europe, increased contact between Eastern and Western Europe has been irresistible. This would further enhance the concept of a "Europe for the Europeans" and weaken both Soviet and U.S. influence. So it is not surprise that Gorbachev has said repeatedly that Moscow does not want to exclude the United States and Canada from the "all-European home." Moscow wants the United States to persuade the West European countries to adopt "suitable" policies towards Eastern Europe in order to avoid changes in existing European boundaries. During the Malta summit, Gorbachev said that any artificial attempt to speed up the German reunification process would only threaten reform in many European countries and make further changes more difficult.

Fourth, the Soviet Union wants to accelerate the disarmament process because of the urgent need to divert resources to its struggling economy. It plans to reduce military spending by 8.5 percent in 1990—from 77.3 billion rubles in 1989 to 70.9 billion. The military's share of the gross national product will be cut by up to 50 percent by 1995. The proportion of non-military production by the defence industry is to rise from 46 percent in 1989 to 50 percent this year.

A precondition for the continuation of this process is that the United States reduces its military spending and signs a series of disarmament agreements with the Soviet Union. Gorbachev is so eager for an agreement on a 50-percent cut in strategic weapons that he has made concessions on strategic defence weapons and sea-launched cruise missiles and also expressed willingness to dismantle the Krasnoyarsk radar station, which Washington had claimed violated the anti-ballistic missile treaty. Likewise, he agreed to Bush's "open skies" proposal to permit each side to make overflights of each other's territory in order to monitor compliance with arms treaties, and even endorsed the concept of open seas, continents and space.

Washington's Response

As early as Reagan's second term in office, the United States had begun to change its policy towards the Soviet Union. Strains in U.S.-Soviet relations had been easing since Reagan and Gorbachev met in Reykjavik in October 1986, especially after the signing of the intermediate nuclear forces (INF) treaty. The Bush administration's Soviet policy is an extension of Reagan's. Its fundamental considerations are as follows:

First, the United States should actively support Gorbachev to ensure implementation of the "beyond containment" policy, which was first put forward by Bush in his May 13, 1989 speech.

During the latter half of 1989, the Soviet economy worsened and great changes unfolded in Eastern Europe. Gorbachev was in a sorry plight. Both the U.S. Government and the public maintained that the United States should co-operate more with the Soviet Union, especially in economic matters, to give Gorbachev a help. A public opinion poll conducted by the Associated Press in November 1989 showed that 57 percent of those polled believe the Soviet Union did not pose the primary threat to U.S. security. Hard-liners within the U.S. government also changed their attitudes towards Gorbachev. Just before the Malta summit, U.S. Defence Secretary Richard Cheney said the military threat posed by the Soviet Union was now weaker than at any time in the past 15 years.

The Bush administration maintains that the longer Gorbachev's term of office lasts, the stronger his influence on reform will be. It also feels that Gorbachev's fate will affect not only the future of Soviet reform, but also the future of reform in Eastern Europe. The administration also maintains that the United States should take "bold actions" to help Gorbachev surmount his difficulties and direct Soviet reform to develop favourably for the United States.

Second, the United States should co-operate with the Soviet Union in a joint effort to maintain the status quo in Europe and influence the future of the two Germanies. With the German Democratic Republic opening its border, the Federal Germany's wish to unify the two Germanies gets stronger daily. In November, West German Chancellor Helmut Kohl announced a 10-point plan proposing the two Germanies move towards a confederation. This caused much anxiety to all European countries. Although the United States welcomed Kohl's plan, it is afraid of the reappearance of a strong and unified Germany, which would spoil its interests in Europe. Washington maintains that Western Europe's approach to the Eastern bloc must be moderate, or the interests of the entire Western world will be affected. It favours neither an integrated Europe, nor a unified Germany. Therefore, it sees the need to reach a tacit agreement with the Soviet Union on the future of Europe and to maintain the existing military alliances. Third, the United States should make use of Soviet compromises over disarmament to reach arms control agreements in its favour. Since the signing of the INF treaty, the Soviet Union has made further concessions in arms control. The United States wants to reach a new disarmament agreement with Moscow as soon as possible to save money. The U.S. Congress is also demanding a reduction in military spending because of the United States' huge trade and budget deficits. Cheney recently announced that the United States would reduce military spending by 3 percent or U.S.$10 billion in fiscal 1990. He also said the United States would reduce its military expenses by U.S.$180 billion over fiver years beginning in 1992.

Fourth, the United States has attempted to force the Soviet Union to make more concessions in the Third World. The Bush administration has been quite dissatisfied with the Soviet presence and intervention in the Third World, particularly Soviet military aid to the Afghan government and Nicaragua. In Malta, Gorbachev made clear to Bush that the Soviet Union would suspend its military support to Nicaragua. He also said that Moscow agreed a coalition government should be formed in Afghanistan with the participation of all parties concerned, although he expressed the hope that any coalition would include the current president, Najibullah. This shows that the United States has won another round in regional problems.

Far-reaching influence

Changes in U.S.-Soviet relations will have major impact on the international situation and the world order.

While the superpowers' military confrontation will continue to ease, political, economic and ideological conflicts will certainly become more complicated.

Western countries are taking advantage of the current trend of detente, Moscow's economic difficulties and unrest in Eastern Europe to enhance their position.

Due to the shift in the balance of economic forces and strategic interests, contradictions between the United States, Western Europe and Japan will inevitably arise. Western Europe is trying to draw the East into an integrated Europe in order to reach the goal of a "Europe for the Europeans," with the West having the dominant role.

Although the United States supports West Europen infiltration of the East, Washington wants to maintain its own leading position in Western Europe.

Thus Washington and Western Europe are struggling for dominance in Europe. Washington advocates neo-Atlanticism and wants NATO to continue to play its role. It also wants to establish a treaty relationship with the European Community that would be conducive to the maintenance of Washington's leading role. But the European Community hopes to strengthen co-operation with the European Free Trade association, to incorporate some East European countries into a European free trade region and eventually make them part of an integrated Europe. Thus Europe could strengthen its position as one of the powers in the emerging multipolar world.

Japan, with its financial strength, is seeking to play an important role in global financial institutions and is striving for a corresponding political position. Economic contradictions between the United States and Japan have extended to the political field. More and more Americans believe that the economic threat from Japan is more imminent and real than the threat from the Soviet military machine.

With Europe once again becoming the major arena of rivalry between the superpowers, other regions will appear

relatively calm and stable. The overall Soviet foreign policy is one of detente and continuing retreat from the Third World. In the Asia-Pacific region, it will improve its ties with Japan, South Korea and the Southeast Asian countries.

But U.S.-Soviet relations in the post-Cold War period have not reached the level of all-round co-operation. The United States and the Soviet Union still contend as rivals and their power politics continue to exert a negative influence on the world. Washington and Moscow represent opposing social systems and head the NATO and Warsaw Pact military alliances. As their geopolitical position declines in the new multipolar world, they will try to maintain their superpower position through coordination and co-operation. They will also try to manipulate world affairs and their allies' actions, either openly or from behind the scenes. The world is still shrounded in the shadow of power politics.

'New Stage' in U.S.-Soviet Detente Viewed

HK0102084790 Beijing SHIJIE ZHISHI in Chinese No. 1, 1 Jan 90, pp 8-9

[Article by Zhou Borong (0719 0130 2837): "U.S.-Soviet Detente Has Just Entered a New Stage; Whether the Cold War Has Ended Needs Further Testing"]

[Text] In 1989, the mainstream in U.S.-Soviet relations was still detente and dialogue, and bilateral relations seemed to further develop at a more profound level. It can be considered that relations between the two countries have entered a new stage. Last year, the U.S. and Soviet leaders decided to hold an informal meeting in Malta, and the two countries obviously increased senior-level bilateral military exchanges. This pinpointed the in-depth development of their bilateral relations.

By "entering a new stage," I mainly mean that after several years of hesitation and observation, the United States has begun to adopt a more positive posture in advancing the detente process with the Soviet Union. This was reflected in two facts. First, the Bush administration put forward a "beyond containment" policy toward the Soviet Union on 12 May and stressed that the United States will rely more on the political, economic, technological, and cultural means to handle its relations with the Soviet Union. Second, the United States more positively responded to the Soviet disarmament initiatives. It not only adopted a more flexible position on some issues in the disarmament talks, but also decided to cut down on its defense budget in 1990, withdraw a small number of military personnel and equipment from Europe, and close some military bases on its own territory.

The United States adopted the "beyond containment" policy not because it had changed its strategic objectives and its basic assessment of the Soviet Union, nor because it believed that the Soviet Union had abandoned the socialist system. In my view, apart from the considerations of the security and economic interests of the United States, the Bush administration put forward the "beyond containment" policy mainly according to the following two background conditions:

First, after waiting and watching for nearly 5 years, the United States felt that it was time to work out an explicit Soviet policy; otherwise, there might be greater differences and confusions between the United States and other Western countries in their Soviet policies and in their relations with the Soviet Union and this might play into the hands of the Soviet Union. As a matter of fact, obvious differences had appeared among the major Western countries in their policies toward the Soviet Union. In the second half of 1988 when the United States was still watching, some West European countries had shown a warm attitude toward the Soviet Union. The FRG chancellor, the Italian prime minister, and the French president successively visited the Soviet Union. Then, the banks in the FRG, Italy, France, Britain, and the Netherlands successively promised to offer loans totaling $6.4 billion to the Soviet Union. The United States saw that a "Soviet fever" that was rarely seen before had appeared in Western Europe. In order to harmonize its relations with Western Europe and to prevent their differences from being used by other people, the United States had to put forward its explicit Soviet policy.

Second, as the domestic situation in the Soviet Union was getting increasingly grim, the United States was afraid that it might lose a historic opportunity. The Soviet Union had carried out reform for nearly 5 years, but no obvious economic benefit was brought to the people and more difficulties appeared. In addition, ethnical disputes emerged continually; the differences inside the party were made public; and some newspapers and journals even openly questioned Gorbachev's leading position. By weighing advantages and disadvantages under such a turbulent situation, the United States found it necessary to support Gorbachev and to seek greater advantages by making use of Gorbachev's difficulties.

According to the "beyond containment" policy, the United States will adopt such a basic approach to the Soviet Union: Politically, it will make full use of the political slogan of "new thinking" in the Soviet Union; support its "openness"; encourage its "democratization"; prompt the Soviet Union to move onto the road of "pluralism," "democracy," and "freedom"; and to open wider to the West. Economically, it will gradually strengthen the ties, prudently and conditionally provide certain economic and technological assistance, and encourage the Soviet Union to expand the scope of private enterprise and the market economy. In the diplomatic field, it will continue to hold senior-level dialogue with the Soviet Union, increase exchanges and intercourses in all fields including the military field, further develop bilateral relations, and advance the detente process. In the military field, on the basis of maintaining its substantial strength, the United States will carry out arms control talks with the Soviet Union

and strive for agreements favorable to the United States and NATO on reducing conventional forces in Europe, banning chemical weapons, and reducing strategic nuclear weapons by 50 percent.

The short-term purpose of the United States in pursuing this policy is to consolidate Gorbachev's leading position and develop the established achievements. In the eyes of the United States, no other person is easier to deal with in the Soviet Union than Gorbachev. Its long-term objective is to bring the changes and reforms in the Soviet Union in line with the U.S. and Western interests and eventually "merge the Soviet Union into the international community."

At present, some people hold that the U.S.-Soviet detente indicates the end of the cold war and the advent of the "peace and cooperation" period. In my view, it is still too early to draw such a conclusion. It is not the first time people talk about the end of the cold war. In the early 1970's during the "honeymoon" period of the U.S.-Soviet detente, many people in the West hailed the "end" of the cold war. However, the Soviet Union began to increase infiltration into the Third World countries in the mid-1970's, and then sent armed forces to invade Afghanistan. The U.S.-Soviet detente thus thoroughly fell through and the two countries returned to their previous deadlocked and frigid relations. At present, although detente remains the mainstream of U.S.-Soviet relations, there still exist some unstable factors in their bilateral relations. The "cold war" state between the United States and the Soviet Union can still be found at least in the following four aspects:

First, although the United States is pursuing the "beyond containment" policy, this does not mean that it has given up its "containment" policy and "deterrence" strategy which used to symbolize the cold war. As a matter of fact, so far, the U.S. national security strategy is still based on "containment" and the core of the U.S. military strategy is still "deterrence."

Second, although a centrifugal and loose tendency appeared in NATO and the Warsaw Pact, the two military-political blocs which were products of the cold war, no sign showed that they would be completely disbanded in the foreseeable future.

Third, it is possible that the United States and the Soviet Union may slow down the pace of their arms race in the field of high-technology weaponry, but there is no possibility that such an arms race will stop. The United States has not given up the plan for developing weapon systems such as SDI, and the Soviet Union also still stresses the need to enhance the quality of the Army and to "maintain vigilance against the aggressive policy of the United States and NATO."

Fourth, the military deployment of the two superpowers in all parts of the world, especially in Europe, will not be fundamentally changed in the near future; therefore, their military confrontation will continue to exist in reality, although there is little possibility of direct military conflicts between them.

Therefore, when observing the relaxation of U.S.-Soviet relations, we should not neglect the other side of the reality. In my view, the next 3 to 5 years will be a crucial period for testing the U.S.-Soviet detente.

Article on U.S.-Soviet Relations

HK0502015790 Beijing SHIJIE ZHISHI in Chinese No. 1, 1 Jan 90, pp 11-12

[Article by Xin Peihe (2946 3099 0678): "U.S.-Soviet Relations as Viewed from the Malta Meeting"]

[Text] The informal meeting of the U.S. and Soviet leaders in Malta pinpointed the new development of U.S.-Soviet relations. According to various reports and dispatches, the meeting mainly achieved results in the following three respects. First, it was decided to hold an official U.S.-Soviet summit meeting in the Untied States this June. Before that, the foreign ministers of the two countries will hold preliminary talks on some major issues in the arms control talks in January in order to pave the way for concluding a treaty on reducing 50 percent of the strategic nuclear weapons at the summit meeting. Meanwhile, the two sides will strive to conclude a treaty on reducing conventional weapons in Europe within the year and will promote the early conclusion of the convention on banning chemical weapons and the agreement on restricting underground nuclear tests. Second, the United States promised to expand economic cooperation with the Soviet Union and to explore the possibility of lifting import and export restraints against the Soviet Union and conducting trade in high technologies with the Soviet Union. After the Soviet Union formulates and officially promulgates the law on emigration, the United States will temporarily waive the Jackson-Vanik Amendment, provide the Soviet Union with most-favored-nation status, conclude a trade agreement, and begin to negotiate and conclude a bilateral investment agreement. At the same time, the United States also promised to put forward a proposal to the GATT on giving observer status to the Soviet Union. The Soviet Union was satisfied with these U.S. promises, and Gorbachev said that they "included many positive factors." Albatov [7093 1422 1572 2094 1133] said that "Bush in fact announced that Washington had stopped the economic war against the Soviet Union." Third, the two sides exchanged opinions on the changes in the East European situation and the issue of Germany's unification and achieved certain understanding. Both sides indicated that they would not interfere in the reform process in Eastern Europe and would manage to maintain the stability of the East European situation. On the German issue, the two sides first affirmed that there are two German states with sovereign power and that their boundary was affirmed by the official treaties and the final Helsinki documents. The Soviet side stressed that "artificially and forcefully reunifying Germany will only complicate the ongoing process in Europe." The United

States stressed that the reunification process must be in keeping with four conditions: 1) It must be in line with the self-determination principle; 2) West Germany must continue to remain in NATO and in the EC after reunification and must not be neutralized through reunification; 3) reunification should be a peaceful and gradual process and should be favorable to Europe's all-round stability; and 4) the current boundaries of various European countries must be recognized. In order to to maintain their respective interests and to prevent the changing European situation from going out of control, both the United States and the Soviet Union agreed to maintain the existence of the two military blocs, namely, NATO and the Warsaw Pact. With changes in the situation, they will gradually replace their military functions with more political functions; they may even deal with economic issues.

Of course, differences also existed in the discussion and were mainly concentrated on some regional conflicts. The United States was not happy with the role played by the Soviet Union in Central America; the Soviet Union indicated that it could only abide by the promise of not delivering weapons to that region and could do nothing more. At the same time, the Soviet Union also required the United States to abide by the non-interference principle. On the issue of arms control, the Soviet Union proposed to study the issues of reducing both sides' naval forces and eliminating ship-carried tactical nuclear weapons, but this was turned down by the U.S. side.

It was not accidental that the U.S. and Soviet leaders stressed "mutual understanding and cooperation" at the Malta meeting. Public opinion held that this showed that both the United States and the Soviet Union felt less threat from the other side in the present stage and found increasing common interests. This was reflected in the following facts: First, Gorbachev's "new thinking" stressed the "necessity of eliminating the antagonism between the two major social systems" and the existence of "common values shared by all mankind" and held that "when facing the same global issues, mankind needs to shift confrontation to cooperation" and that all countries are "increasingly interdependent" in the economic area. As George Kennan said, the changes in the Soviet Union "indicate the end of the Russian revolution," so the United States "should not regard the Soviet Union as a potential military rival anymore but should regard it as a big country like any other big country." Second, in order to concentrate strength on its domestic reform and to develop its comprehensive national strength, the Soviet Union has had to pursue contraction rather than expansion in foreign policy. Therefore, it withdrew its troops from Afghanistan, has supported political solutions for other regional conflicts, and has upheld a non-interference policy toward the changes in Eastern Europe. On the defense issue, it has pursued the principle of being "sufficient and reasonable" by unilaterally reducing troops by 500,000 and acknowledging the imbalance of conventional military forces between the Warsaw Pact and NATO. Third, through mutual disarmament inspections and through dialogue and exchanges at various levels, the United States and the Soviet Union have found out more facts about the other side. Even U.S. Secretary of Defense Cheney admitted that the Soviet military threat had decreased. Through careful observation, study, and debate in 1989, the Bush administration eventually realized that Gorbachev's reform was in line with U.S. interests, therefore, the United States should support Gorbachev and help his reform succeed. That is why it put forward the "beyond containment" strategy toward the United States. Last July, Bush changed his mind and put forward the proposal on holding an informal meeting with Gorbachev. In September, the two foreign ministers met in Wyoming. In October, Baker made three important speeches on the policy toward the Soviet Union. All this indicated the changes in the U.S. policy toward the Soviet Union. Gorbachev held that these moves taken by the Bush administration "were not tactical steps" but "major options."

That the United States and the Soviet Union share more common interests was not affirmed only by the important judgment that Gorbachev's reform and the drastic changes in the East European situation were in the best interests of the United States. These interests are also related to the following points: Both sides now urgently need to: reduce their military expenses by a substantial margin; reduce their overseas burdens; manage to stop the armed conflicts in some regions; try to shift more resources to their economic and technological competition; oppose the proliferation of nuclear weapons, missiles, and chemical weapons; cooperate in such global issues as fighting terrorism, checking drug-trafficking, preventing and curing AIDS, and protecting the ecological environment; try to maintain the bipolar pattern so that it may continue to play a necessary role and continue to safeguard their own interests.

According to this, the new characteristic of today's U.S.-Soviet relations is that both sides want to play down their relationship as main rivals and try to increase the cooperation factor in their relations. This is also an important aspect of the profound changes in current international relations. Peirfeiliyev [0160 1422 5481 0448 5102 1133], one of the spokesmen for the Soviet Foreign Ministry said: "In our view, the main result of the Malta meeting was that our two countries firmly took the road of making joint efforts to search for a way to solve various problems faced by contemporary civilization." After the summit meeting, Soviet Foreign Minister Shevardnadze put it more bluntly: The Soviet Union is ready to give up the previously held viewpoint that the Soviet Union and the United States can only be enemies. The Soviet Union is ready to carry out cooperation, including military cooperation, with the United States. He stressed that at the Malta meeting, Gorbachev expressed this idea to Bush, and this marked "a breakthrough in world view at the summit meeting...and demonstrated the central significance of the summit meeting."

Of course, that the two sides expressed their wishes to play down their rivalry does not mean that such a factor has been eliminated or that it cannot increase anymore. For some time to come, as cooperation increases in U.S.-Soviet relations, one must still look for uncertain factors. There are a number of reasons why we should do this. First, as two military superpowers, although they may begin to substantially reduce armaments and lower their respective armaments level for their common interests and needs, this does not mean that their arms race will come to an end. On the contrary, both sides will continue to strive to modernize their armaments, and their arms race will be restrained only quantitatively. The arms race will be carried out on the basis of the latest technological developments. Second, the diplomatic and military strategies of both the United States and the Soviet Union will still include geopolitical considerations, so they will inevitably continue to use the other side as a "card" to play and continue to employ the balance of strength tactic in their respective international activities. Third, it will not be easy to eliminate the two sides' mutual suspicion and distrust, and there remain groups and forces inside each country that insist on regarding the other side as a rival. Fourth, neither the United States nor the Soviet Union has now admitted that the current detente situation between themselves or between the East and the West is irreversible. The United States is afraid that Gorbachev may not hold power stably. Fifth, the general world situation is now undergoing a transition from the old pattern to a new pattern, and there remain various complicated and uncertain factors. Many developments are just tentative and exploratory. It will be hard to avoid twists and turns and even reversals. Who can assert that the changes in the East European situation and the changes in relations between Eastern and Western Europe, between the two Germanys, and between the East and the West will always be smooth and peaceful?

East Europe

SHIJIE ZHISHI Views Changes in Czechoslovakia

HK0802024390 Beijing SHIJIE ZHISHI in Chinese No. 1, 1 Jan 90 pp 20, 21

[Article by Wan Qing (4111 7230): "The 1968 Incident and Current Political Changes in Czechoslovakia"]

[Text] On 17 November 1989, in Prague, the capital of Czechoslovakia, university students held a rally to mark the 50th anniversary of the German fascists closing down higher learning institutions in Czechoslovakia and killing university students, and the rally developed into a demonstration and procession aimed at the government. In the following 10 days, the demonstrations expanded continually, involving hundreds of thousands of participants, and spreading to other cities in the country. All kinds of political forces throughout Czechoslovakia were involved in this storm, and although they differed in their political goals, they had a common point in their slogans; that was the stepping down of leaders of the Communist Party of Czechoslovakia [CPCZ], such as Milos Jakes, who had refused to redress the 1968 incident. In this situation, the Central Committee of the CPCZ held an emergency meeting on 24 November, at which the Presidium of the Central Committee and the Secretariat resigned. A new leadership group was elected, and Karel Urbanek, former member of the Presidium, was elected general secretary. Thereafter, there was some adjustment among the members of the leadership group of the Central Committee of the CPCZ.

On 5 December, General Secretary Karel Urbanek announced that the CPCZ was willing to rehabilitate those who were forced to leave the party for opposing the sending of troops by the five Warsaw Pact countries in 1968, and that the document on the 1968 problem passed by the Central Committee of the CPCZ in 1970 was null and void. The day before (4 December), the leaders of the five countries—the Soviet Union, Bulgaria, Hungary, East Germany, and Poland—announced in Moscow that the sending of their countries' forces into Czechoslovakia in 1968 "was interference in the internal affairs of Czechoslovakia and should be condemned." At the same time the Soviet Government issued a statement admitting that it was a mistake to send troops into Czechoslovakia in 1968. The assemblies or governments of the other four countries which had taken part in dispatching troops also made statements condemning the invasion of Czechoslovakia in 1968. As a result, the 1968 Czechoslovakia incident, which had been left unresolved for more than 20 years, had finally been completely redressed.

Facing this situation, people cannot help reflecting on the unforgettable history of the 1968 incident. In the final years of the 1960's, the internal factions of the CPCZ waged an intense struggle on the issue of reform. The struggle concluded with the reformists gaining the edge. In January 1968, Alexander Dubcek took office as first secretary of the Central Committee of the CPCZ. Under the leadership of Dubcek, the Central Committee in April 1968 formulated the "Action Program" for overall reform, proposing building in Czechoslovakia a "new, highly democratic socialist model in accordance with the conditions of Czechoslovakia." But before the program of the reformists was implemented, it immediately aroused opposition from another faction within the party, and was also found unacceptable by the leadership group of the Communist Party of the Soviet Union, headed by Brezhnev. Starting from March 1968, the Soviet Union and its Warsaw Pact allies, apart from Romania, exerted pressure time and again on the Czechoslovak leadership, headed by Dubcek, but to no avail. Therefore, at midnight on 20 August 1968, the Soviet Union and its allies mobilized 250,000 troops to enter Czechoslovakia, and in six hours they occupied the whole of Czechoslovakia.

The next day (21 August), the Presidium of the Central Committee of the CPCZ issued a statement condemning the invasion as "not only violating all the principles of

relations between socialist countries, but also ignoring the basic criteria of international law." The Czechoslovak Government lodged a strong protest against the governments of the invading countries. The President of Czechoslovakia said that Czechoslovakia "must continue the undertaking it has already started." At the same time, the Czechoslovaks launched an extensive struggle against the invasion. Various countries in the world also condemned the Soviet invasion of Czechoslovakia. On 23 August, Premier Zhou Enlai made a speech at the National Day reception hosted by the Romanian ambassador to China, strongly condemning the Soviet invasion of Czechoslovakia, and expressing resolute support for the Czechoslovak people in their struggle against the occupation by Soviet troops.

Threatened with the use of force by the leadership group headed by Brezhnev, the leaders of Czechoslovakia, such as Dubcek, were kidnapped to Moscow and were forced to agree to a treaty on the "temporary garrisoning" of part of the invading Soviet Army. Under the situation of the presence of the Soviet garrison, the leaders of the reformist group such as Dubcek were replaced one by one. In April 1969, Gustav Husak took office as first secretary of the Central Committee of the CPCZ. In 1970, there was a purge within the CPCZ, and 500,000 party members were dismissed from the party, while another 1 million people were also involved. In December 1970, the Central Committee of the CPCZ passed a document entitled "Lessons That Should Be Learned From Social Crisis and Crisis Within the Party," generally negating the reform in Czechoslovakia in 1968, and praising the Soviet invasion as "brotherly international assistance." Thereafter, the leadership of the CPCZ always persisted in this stand, which was established by the document.

In recent years in Czechoslovakia, the call for reassessment of the 1968 incident has become louder and louder, and the conflict and struggle connected with this issue has continually developed and intensified. The party members who were purged, as well as those who were involved during those years, wanted their grievances redressed. Those who had advocated the reform in 1968, such as Dubcek, appeared on public occasions to demand a proper reassessment of the reform, rehabilitation of the victims, and condemnation of the Soviet invasion of Czechoslovakia. Meanwhile, opposition organizations such as "Constitution 77" joined with the church in demanding reassessment of the 1968 incident by shouting the slogans of "human rights, democracy, freedom." At the same time, within the leadership level of the CPCZ, serious divergence and conflict emerged concerning the question of the 1968 incident.

The recent statements of position concerning the 1968 incident in Czechoslovakia made by the leaders of the five Warsaw Pact countries, as well as by the current leaders of the CPCZ, have completely repudiated the long-held stand of former leaders of the CPCZ on the issue. People have reexamined the issue, which had remained unresolved for 21 years. In Czechoslovakia, a committee will be formed to investigate the 1968 incident, and this committee will work with historians from the Warsaw Pact countries in examining the question. The Czechoslovak Government has already proposed talks with the Soviet Government on the question of withdrawal of the "temporary garrison" of more than 70,000 Soviet troops still on Czechoslovak territory. However, it will be an extremely difficult and complicated task to eradicate the consequences and impact of the 1968 incident.

General Secretary Karel Urbanek, who took office recently, hopes that after the 1968 incident is cleared up, he can eliminate estrangement among party members, that those who have been rehabilitated can return to the party, forgetting past conflict and tolerating one another. However, at present, the people are demanding the announcement of a namelist of the leaders of the CPCZ who "invited" the Soviet Union to send troops in 1968; they also demand the investigation or trial of those persons. Meanwhile, the political programs now proposed by various political forces in Czechoslovakia, and in particular by some influential opposition organizations, far surpass the reform ideas in 1968. The leaders of the CPCZ, headed by Karel Urbanek, have made important concessions of principle, such as dropping the article stipulating the party's leadership position and the use of Marxism-Leninism in education as contained in the Constitution; the decision that the position of chairman of the Popular Front is no longer held only by the general secretary of the CPCZ, but is held in turn by various parties; the decision that the CPCZ no longer leads the worker militia and the propaganda tools; consenting to free elections; etc. Even so, the opposition groups are not content. On 3 December 1989, Prime Minister Ladislav Adamec reorganized the federal government. Afterward, the opposition claimed that only five members of the government were not CPCZ members, and that this number was too small, and they demanded a cabinet reshuffle and the resignation of the president, otherwise they would organize a general strike. Given this situation, the newly reorganized government could not but announce its resignation. On 10 December, a new government was formed, in which 10 were CPCZ members, including Prime Minister Calfa Marian, and 11 were not. Soon afterward, the president also declared his resignation, while the opposition party had already nominated its own presidential candidate. The opposition also demanded that the CPCZ disband the grass-roots party organs in enterprises and departments. In the "Draft of the Constitution in Principle" proposed by them, they changed "Czechoslovak Socialist Republic" to "Czechoslovak Republic," deleting the word "Socialist."

To conclude, although the 1968 incident, which had influenced the development of the political situation in Czechoslovakia for more than 20 years, has been reassessed, the new conflicts and problems emerging in the political situation in Czechoslovakia have yet to be resolved.

Political & Social

Article Examines Wen Yuankai's 'Troublemaking'

OW0502081090 Hefei ANHUI RIBAO in Chinese 20 Jan 90 pp 1-2

[Article by the Propaganda Department of the Anhui Provincial CPC Committee entitled: "The True Colors of Wen Yuankai During the Turmoil"]

[Text] In the past few years, Wen Yuankai, using reform as a guise, gained quite a name for himself and deceived many kind-hearted people. His true colors were thoroughly revealed during the turmoil involving the destiny of the party and state, which took place at the turn of spring and summer last year. Now, let us remove his veil and take a look at what kind of a role he played during the turmoil.

I

On 26 April last year, RENMIN RIBAO carried an editorial: "Take a Clear-cut Stand Against the Turmoil," which relayed the party Central Committee's voice, exposed a handful of people's antiparty and antisocialist schemes, and, by forcing the turmoil plotters and organizers to change their tactics, temporarily halted the turmoil from spreading to the whole nation. However, the plotters and organizers of the turmoil would not give up, they continued stirring up the turmoil. Exactly at this time, Wen Yuankai, at a salon of intellectual circles in Hefei, announced, in a rather pretentiously serious manner, that his reform at the China Science and Technology University has failed. He also resorted to demagogy by saying: "China's reformers have entered a minefield. If they are not careful, they will touch off a mine and get killed." The reasons he gave for this were "the poor quality of the population, the deep-rooted bad habits of the Chinese, and serious bureaucratism." His remarks were reported by the media nationwide and, without doubt, fanned the flames of turmoil.

As the turmoil escalated, Wen Yuankai quickly changed his tactics from indirect instigation to direct participation. On 15 May, he returned to Hefei after taking part in a series of turmoil-related activities in Beijing, taking with him the schemes he plotted, together with the "elitists" behind the turmoil. He was unusually busy thereafter; he frequently attended, and convened, all sorts of meetings, wrote a "letter of appeal," started a signature campaign, and spread rumors in order to create the momentum so that Hefei could echo far away in the south what was happening in Beijing in the north, to boost the morale of the turmoil participants in Beijing, and bring pressure to bear on the party and Government. On the evening of 16 May, he received the ringleaders of a student "salon" of the Hefei Science and Technology University, briefed them on how 12 scholars, including himself, issued "Our Urgent Appeal," and directly told them: "You must write a letter and collect signatures as the 12 scholars did. Use your brain, think of new ideas, and find a way to solve the problem. When you finish it, I shall have it published in the press." Acting on Wen Yuankai's instructions, this group of people wrote an "appeal" that night, displayed it on campus the next day, and urged students to put their signatures to it. On the evening of 16th and the morning of 17th, Wen Yuankai attended two meetings of professors at the university. At the meetings, they wrote "An Urgent Appeal" on the basis of the "Our Urgent Appeal" issued by the 12 scholars in Beijing. The "appeal" said: "We hope the Government exercises reason and restraint to the end." "The Government should allow, and recognize, the democratically-elected student organizations and issue a written statement to affirm this patriotic democracy movement started by the students, which will go down in history as a magnificent feat." In order to build up momentum, Wen distributed copies of the "urgent appeal" there and then to the meeting participants for them to take back to their units to collect signatures. Later, Wen have the "urgent appeal" published in ANHUI RIBAO and ANHUI GONGREN BAO [ANHUI WORKERS DAILY], causing enormously evil influence.

Wen Yuankai was not satisfied with plotting turmoil at the University of Science and Technology of China. He also wanted to plot turmoil in the Hefei area. On 18 May, at the Foreign Guest Guesthouse of the university, he held a so-called meeting of people of the science and technology, educational, literary and art, and theoretical study circles, the news media, as well as lawyers and entrepreneurs of Anhui Province. The meeting adopted the "Emergency Petition to the Party Central Committee and State Council," once again strongly urging the Government and party Central Committee to openly acknowledge that the RENMIN RIBAO editorial of 26 April was completely wrong, that the student movement was a great, patriotic movement, and to recognize that student organizations democratically formed by the great majority of students were in accordance with the Constitution. After the meeting was reported by, and the petition published in, newspapers, Wen Yuankai again sent people to post and distribute the petition in an attempt to widen its influence.

Under such extremely severe circumstances, martial law was enforced on 20 May in some areas in Beijing in accordance with a decision by the Standing Committee of the Political Bureau of the party Central Committee. On 19 May, the day before the State Council announced the martial law order, Wen Yuankai once again held a meeting participated in by people of various sectors of society. At the meeting, he repeatedly played a telephone-recorded tape of the "Six-point Statement on the Current Situation," issued by the China Economic Structural Reform Research Institute, the Development Institute of the China Rural Development Research Center under the State Council, the Institute on International Studies of the China International Trust and Investment Corporation, and the Beijing Association of Young Economists (the Three Institutes and One Association

for short); and participants at the meeting immediately studied measures to deal with the situation. Wen Yuankai said: Beijing will soon be under military control. We should draft a letter of appeal, and issue it before the situation becomes severe. On his instigation, the meeting drafted the "Emergency Letter of Appeal by People of All Circles of Anhui Province," based on the "Six-point Statement," and called on General Secretary Zhao Ziyang to convene a special congress of the Chinese Communist Party. The meeting also said that the reason the student movement had developed so severely was totally because of the wrong policies and delay by the party and Government. The letter of appeal was given that night to the SHIJIE JINGJI DAO BAO's reporters station in Beijing. After that, Wen Yuankai hurriedly telephoned members of the illegal Student Autonomous Union in Tiananmen Square, saying that situation had changed and the Government would take measures; and asking them to quickly lead demonstrators home. He also said that they would know everything from the next day's news report, hinting to organizers of the turmoil that they quickly change their strategy.

After promulgation of the martial law order, Wen Yuankai's major activities were to topple Li Peng and support Zhao Ziyang, and to oppose martial law. At 1000 on the morning of 21 May, Wen Yuankai hastily spread a rumor among professors at the university that some ministries had announced they had cut ties with the Li Peng Government; and instigated them to draft the "Emergency Letter of Appeal by Professors of the University of Science and Technology of China." The letter said: The decision announced by Premier Li Peng is based on a wrong estimation of the situation in Beijing and the whole country, and runs counter to the wishes of the party and people. Martial law enforced by the troops is completely wrong, and is in violation of the fundamental nature of the People's Army. The Government should immediately stop such military action. The letter openly suggested that the general secretary convene an emergency plenary meeting of the party Central Committee, and that the party's organ of supreme power democratically discuss decisions. After that, Wen Yuankai took illegal measures enabling the emergency letter of appeal to be posted in many places and disseminated widely.

Because the party Central Committee and State Council's firm decision to enforce martial law in some areas in Beijing had won the support of the people across the country, Wen Yuankai figured that the conspiracy by a very small number of people to create turmoil was on the verge of bankruptcy. He, therefore, issued in Hefei on 31 May his "Ten Basic Estimations on the Current Situation," and instigated students to empty their schools. As a result, students of many high schools in the Hefei area walked out of classrooms and schools, creating even more serious turmoil.

II

Wen Yuankai was an "elitist" for national turmoil. He would not reconcile himself to perform only on the stage of Hefei; he wanted also to fan the flames of turmoil in the Beijing area. Thus, he consciously and closely ganged up with Yan Jiaqi, the representative figure of the "elitists" behind the turmoil, who stubbornly sticks to the antiparty and antisocialist stand.

From 13 May last year, a handful of evil-minded people incited a hunger strike participated in by more than 3,000 people which lasted seven days. In face of the abrupt worsening of the situation, millions upon millions of kind-hearted people were extremely worried. At that time, Wen Yuankai, on the other hand, displayed unusual excitement and elation. In the following two weeks, he went to Beijing twice to plot, together with Yan Jiaqi and others, behind the scenes, and to perform on stage.

When the hunger strike of Beijing college students began, Wen Yuankai was again in Beijing the next day. He hurried to GUANGMING RIBAO to attend a forum convened by the turmoil "reporter" Dai Qing and attended by "elitist" intellectuals Yan Jiaqi, Bao Zunxin, Li Honglin, Yu Haocheng, and Su Xiaokang. At the meeting, they published "Our Urgent Appeal on the Current Situation," and publicly demanded that the CPC Central Committee declare the turmoil a "patriotic democratic movement" and the illegal student organization be declared legal, saying that they would "struggle to the end" with the hunger strikers if these demands were not met. That afternoon, Wen Yuankai went to Tiananmen Square with these people and read the "urgent appeal" to the students. Not satisfied with that, he then made a speech, saying that the "student movement" was not only a "great patriotic movement," it would also "usher in a new epoch of political structural reform, political pluralism, and democratization." He reiterated these people's determination, saying that "we have decided, after discussion, that, if the Government does not accept our conditions, we shall act with the students."

On 16 May, Wen Yuankai, Yan Jiaqi, and others published the "May 16 Declaration," demanding once again that the party and Government recognize the "legitimacy of the student autonomous organizations" and admit the 26 April editorial was "erroneous."

The publicity of the May 14 "urgent appeal" and the "May 16 Declaration" in the news media, and the all-out instigation by Wen Yuankai and Dai Qing of the fasting students in Tiananmen Square, were like pouring fuel on the fire, and the raging waves of turmoil in the Beijing area and all over the nation became even worse.

People can easily see that, during the turmoil, Wen Yuankai kept frequent contact and worked closely with the turmoil "elitists," like Yan Jiaqi, and their relations were indeed out of the ordinary. As a matter of fact, their close cooperation began long before the turmoil.

In the autumn of 1988, almost simultaneously with the Third Plenary Session of the 13th CPC Central Committee, reactionary forces at home and abroad began a conspiracy to "topple Deng and protect Zhao." After careful planning, Wen Yuankai and Yan Jiaqi published "Dialogue on the Current Situation" in the JINGJIXUE ZHOUBAO [ECONOMICS WEEKLY] in December. In the "dialogue," they attacked the improvement in the economic environment and the straightening out of economic order, saying that it would lead to "stagnation." In addition, they said that a big problem China was facing was "not to follow the old disastrous road of nonprocedural change of power, as in the case of Khrushchev and Liu Shaoqi. It is necessary to guard against that kind of totally irrational political action, which may emerge under the relatively grim situation today." The essence of the dialogue was to whip up public opinion to cover Zhao Ziyang's mistakes, keeping him in position and power, and push even more unbridled bourgeois liberalization.

In the "Dialogue on the Current Situation" by Wen Yuankai and Yan Jiaqi, Wen Yuankai said: Leaders can more easily hear opinions on "exports diverted to the domestic market." Therefore, during the entire period of turmoil, Wen Yuankai actively echoed and carried on intimately with foreign news media and news media outside China in an attempt to use public opinion outside China to create a situation of collaboration between forces inside and outside China increase pressure on our party and Government.

On 21 May, the second day martial law was enforced in some areas of Beijing, Wen Yuankai delivered the "Emergency Letter of Appeal by Professors of the University of Science and Technology of China" to the United States, which was published in the ZHONG BAO. After that, he illegally held a press conference at the Beijing Hotel for reporters from Hong Kong. There, he did everything he could to mislead and stir the attendees, and, turning things upside down, said: "The incident" (meaning the turmoil) demonstrated China's hopes. On 28 and 30 May, a journal in Hong Kong swiftly reported the press conference under the title "Remarks by Wen Yuankai at a meeting with reporters," creating very bad influences in foreign countries and places outside China.

III

It was not accidental that Wen Yuankai put on all the above-mentioned shows during the turmoil. His stubbornly taking the side antagonistic to the party and people during the turmoil was an inevitable result of his long-held stand advocating bourgeois liberalization.

As early as 1984, Wen Yuankai began to voice grievances for the Xidan Wall and Wei Jingsheng. He said: Reform of the political system will not succeed if it does not redress the Xidan Wall case and rehabilitate Wei Jingsheng. At the end of 1986, when student strikes erupted at the university, Wen Yuankai was very active. He closely collaborated with Fang Lizhi, delivered speeches, and instigated students to make trouble. On 4 December of that year, the night before students took to the streets to demonstrate, he and Fang Lizhi gave speeches at a meeting in the auditorium of the university. Wen Yuankai said, provocatively: People have asked "What is the core of China's reform? Where should we start? Should we begin our political reform with freedom of speech?" He made further provocations: I soberly feel that some people have made slanderous remarks to leading comrades of the central authorities about the University of Science and Technology of China. The university has been under great pressure in its efforts to run things democratically. When Fang Lizhi was criticized for advocating bourgeois liberalization, Wen Yuankai openly stood out to voice grievances for him. He said: If the Republic cannot even tolerate a scholar like Fang Lizhi, it would be a deep sorrow for the Chinese nation. From this, we can easily see why Wen Yuankai, during the turmoil, did everything to pressure the central authorities to acknowledge that the turmoil was a patriotic democratic movement, and that the illegal student organizations were legal.

In an article entitled "A Big Explosion in the Heavy Fortress of Feudal Ideas," published in March 1987, Wen Yuankai openly spread these thoughts: "For a long time, we have been using feudalism to oppose capitalism, feudal ideas to criticize the capitalist concept, the ideology of small-scale farming to develop the economy, and military methods to rule society." He thus smeared our socialist system as something without a single redeeming feature. In the meantime, reports on Wen Yuankai's activities and contents of his speeches constantly appeared in overseas reactionary periodicals, such as "ZHONGGUO ZHI CHUN" [CHINA SPRING], "ZHENG MING," and "JIU SHI NIAN DAI" [THE 1990'S].

Supporting and sympathizing with Fang Lizhi and voicing grievances for the "Xidan Wall" and Wei Jingsheng were only some of the steps these people took to carry out their plans. The entire motive of Wen Yuankai's persistence in bourgeois liberalization was "total Westernization." In the notorious "Dialogue on the Current Situation," Wen Yuankai did not conceal his viewpoint at all and publicly advocated that "the people's democratic dictatorship" should be abolished. He said that "the people's democratic dictatorship" should be changed to "the people's democratic participation in politics." In his article "Preliminary Ideas on China's Reform in the Next 10 Years," he was even more open in peddling his political stand of flatly negating the four cardinal principles and taking the "total Westernization" road. First, he did his utmost to distort China's current situation. He said: "China is once again hesitating at the crossroads." "The potential crisis confronting Chinese society is of a structural, general, and overall nature." In view of the fact that "the 30-year practice of socialism in China" "has not provided a radical solution to China's basic problems in the modern

era," "China needs a second revolution," and "the world-recognized principle of modern civilization must be used to examine and standardize China's mindset and measures for reform." To this end, he put forward 23 concepts and suggestions for reform. Specifically, in politics, he actively stood for political pluralism. He said: "Stressing the class and ideological nature of democracy is an unscrupulous distortion of democracy." "Political pluralism is an inevitable trend of modern politics." The essence of these words is to advocate a multiparty system. He said that the task of the ruling party is to "manage party affairs," "raise money for party expenses," "rectify party style," and "tolerate other parties," thereby viewing the Chinese Communist Party as an ordinary political party and negating its leading position in all undertakings of our country. Regarding the economy, he stood for privatization, alleging that "the private sector of the economy should be put on a par with the state-owned and collective sectors and become a "third force," and that China's economy should be gradually turned into a mixed economy." As for theory, he advocated the reconstruction of theory, pointing out the necessity to "breakthrough the confine of historical background and the thinking of institutionalization, renew Marxism, and weaken the traditional ideology." Now, we can see that he has a comprehensive concept and design of the so-called "all-round reform" and has unreservedly dished up his "total Westernization" proposal. That is why he treasures this article so dearly, and it is not at all strange that he has boasted of this article as the "1989 Charter." Everyone who has read it can understand that this so-called scholarly work, dished up before the student unrest and turmoil, has not the slightest scholarly taste; it is an out-and-out political mobilization message, aimed at stirring up the turmoil.

Facts have clearly indicated that the criminal goal of Wen Yuankai and other turmoil "elitists" in stirring up and masterminding the disturbances at the turn of spring and summer last year was to use the turmoil to overthrow the socialist system and the leadership of the Chinese Communist Party, change the track of the advancing wheel of history, and lead China on the road of "total Westernization" as they expected, or in other words, the road of becoming a vassal of the Western capitalist powers. However, the result was that the action to put down the counterrevolutionary rebellion in Beijing won a decisive victory, and their dream was shattered accordingly. History always mocks without mercy those who have acted against the historical trend.

Leaders Pay Last Respects to Pan Qi

OW1402231590 Beijing XINHUA Domestic Service in Chinese 1027 GMT 5 Feb 90

[Excerpt] Beijing, 5 Feb (XINHUA)— Comrade Pan Qi died of illness at age 73 in Beijing on 2 January 1990. He was an exemplary CPC member, devoted fighter for communism, former vice minister of communications, and advisor to the Ministry of Communications.

A farewell ceremony for Comrade Pan Qi was held at the assembly hall of the Babaoshan Cemetery for Revolutionaries today. Li Xiannian, Liu Huaqing, Wang Shoudao, Zhang Aiping, Geng Biao, Ye Fei, Zou Jiahua, and Zhao Puchu sent wreaths. Leading comrades, including Jiang Hua, Chen Muhua, Wang Renzhong, and Qian Zhengying attended the ceremony to pay last respects to the deceased. [passage omitted on Pan Qi's career]

XINHUA Reviews Career of Xu Deheng

OW0902001190 Beijing XINHUA in English 1436 GMT 8 Feb 90

[Text] Beijing, February 8 (XINHUA)—The Chinese statesman Xu Deheng died of illness here at 4:14 p.m. today at the age of 100.

Xu Deheng was vice chairman of the Standing Committee of the Sixth National People's Congress and honorary chairman of the Central Committee of the Jiusan Society, a democratic party in China.

Xu came from Jiujiang, Jiangxi Province. He joined the 1911 Revolution and the struggle against Yuan Shih-kai. He graduated from the Beijing University and studied in France.

In 1919, he joined the "May Fourth Movement" as a student leader. He was an instructor of the Whampoa Military Academy, professor of Zhongshan University and secretary general of the General Political Department of the National Revolutionary Army during the great revolution in China (1924-27).

He took part in organizing the National Salvation Society of North China Cultural Circles in 1935. During the war against Japanese aggression, he was a member of the People's Political Council. In 1944 he founded the Jiusan Society. During the War of Liberation, he was a professor at Beijing University. He attended the first assembly of the Chinese People's Political Consultative Conference (CPPCC) in 1949.

After the founding of New China, he was a member of the first National Committee of the CPPCC, a member of the second and third standing committees of the CPPCC, vice chairman of the fourth and fifth national committees of the CPPCC; deputy director of the Commission of Legislative Affairs of the Government Administration Council, minister of aquatic products, vice chairman of the fourth, fifth and sixth standing committees of the National People's Congress, and chairman of the first through the seventh central committees of the Jiusan Society. He joined the Communist Party of China (CPC) in March 1979.

While ill in hospital, Xu Deheng was visited by Premier Li Peng; Wan Li, Xi Zhongxun, Peng Chong, Ngapoi Ngawang Jigme, chairman and vice chairmen of the Standing Committee of the National People's Congress;

Wang Renzhong, vice chairman of the National Committee of the CPPCC; Song Renqiong, vice chairman of the CPC Central Advisory Commission; and Ding Guangen, alternate member of the Political Bureau of the CPC Central Committee and a member of the Secretariat of the CPC Central Committee.

RENMIN RIBAO Article Attacks Zhao

HK1502132090 Beijing RENMIN RIBAO in Chinese 14 Feb 90 p 3

[Article by Yi Ren (1707 0086), originally Carried in WENYI LILUN YU PIPING No. 1, 1990: "The Ins and Outs of the Zhuozhou Conference"]

[Text] The Zhuozhou Conference was a forum jointly held by the Literature and Art Section of HONGQI, the Literature and Art Section of GUANGMING RIBAO, and the Editorial Department of WENYI LILUN YU PIPING, for soliciting contributions under the guidance and direct care of the CPC Central Propaganda Department. The meeting was held from 6 to 12 April 1987 in Zhuozhou City, Hebei Province. Therefore, it was later called the "Zhuozhou Conference" (or "Zhuoxian Conference").

1. The Origin of the Conference

In the winter of 1986, the student unrest in Hefei, Shanghai, and Nanjing spread to more than 20 cities in all parts of the country in a short period of time. The college students not only went out of the school gates and took to the streets, but some of them also stormed the offices of the local party and government leading organs, thus seriously affecting the stability of public order in the whole country and disrupting the great cause of socialist modernization. The main cause of the student unrest lay inside the party. In 1985, because the whole party rather seriously implemented the relevant resolutions adopted by the national party delegate conference, the ideological trend of bourgeois liberalization, which became more and more serious after the fourth congress of the writers' association, was somewhat restrained. However, in January 1986, the situation which was getting more favorable, began to develop in the opposite direction. One of the major reasons was that some leaders advocated the so-called "relaxing, tolerant, and benevolent" [kuansong, kuanrong, kuanhou 1401 2646, 1401 1369, 1401 0629] policy by deviating from the four cardinal principles; some even held that such concepts as democracy, freedom, equality, and universal fraternity should not be left to, and only used, by the bourgeoisie. In addition, some people who insisted on advocating bourgeois liberalization, such as Fang Lizhi, Liu Binyan, and Wang Ruowang (they were all communist party members at that time), took advantage of the opportunity of the political structural reform to inflame and agitate people everywhere, and to peddle their political opinions. They called for discarding the four cardinal principles and introducing wholesale Westernization. In particular, after July 1986, they held all kinds of discussion meetings, commemoration meetings, and explanation meetings of various sizes, attended by people from various localities and from various departments at the same time. The ideological trend of bourgeois liberalization once again ran rampant in newspapers and journals, and occupied a considerable part of the opinion positions in the party and the government. If the liberalization trend appearing after the fourth congress of the writers' association was mainly confined to some intellectual and literary issues, then its comeback in 1986 was of a much more serious character. The spearhead was directed at the Communist Party's leadership, socialism, the people's democratic dictatorship, and Marxism-Leninism and Mao Zedong Thought. This made ideological preparations for the nationwide student unrest in the winter of 1986.

In view of the serious state of events, the party central leadership issued Documents No.1, No. 2, No. 3, No. 4, and No. 8 successively from 6 January to 16 March 1987, to issue a combat call to the whole party and the whole people throughout the country to uphold the four cardinal principles and fight against bourgeois liberalization. In order to smoothly unfold the political struggle, the party central leadership also laid down relevant policies and points for attention in good time.

As Comrade Deng Xiaoping pointed out in a speech, "At present, there is an ideological trend among some people, especially some young people. That ideological trend is liberalization. Those who banged the drum for such an idea, including those who made comments in Hong Kong and Taiwan, all opposed our four cardinal principles and urged us to follow the capitalist practice in the full. It seemed to them that only by doing so could we be considered as really pursuing modernization. What did they in fact advocate? Such liberalization would in fact just shift China's present policies onto the capitalist road. Therefore, liberalization itself can only be bourgeois liberalization. This ideological trend is trying to guide us to capitalism."

In order to follow the party's basic line in the literary and art work better, and to implement the decisions made by the party central leadership and Comrade Xiaoping to cope with the then situation, the above-mentioned participants decided to hold the forum so that they would link the work of soliciting contributions with studying the central documents, understanding the intention of the central leadership of waging the struggle against liberalization, and raising their awareness through deep-going thinking. Experts, scholars, editors, writers, and art theorists were invited to the meeting. In addition, the national meeting of art and literature department directors held by the central propaganda department also sent representatives to the forum as observers. The forum was attended by a total of more than 120 people. Some veterans in the theoretical and literature and art circles, such as Xiong Fu, Lin Mohan, Liu Baiyu, Yao Xueyin, Ma Zhongyang, and Chen Yong, attended the meeting. He Jingzhi, deputy director of the central propaganda

department, also attended the meeting to give guidance. Comrade Li Wenshan, deputy secretary of the Hebei provincial party committee, and other local cadres also met with all forum participants in the capacity of hosts and gave a speech at the meeting.

2. The Central Task of the Conference

The central task of the forum was to seriously study the series of relevant documents issued by the central leadership since early 1987, and to study Comrade Deng Xiaoping's important speeches about opposing bourgeois liberalization. The study was linked with the review of the actual state of the spread of the bourgeois liberalization trend in the political and ideological fields, including literature and art. Comrade He Jingzhi, deputy director of the central propaganda department, called on the participants to take their pens and join hands in meeting the serious challenge from the bourgeois liberalization trend. At the same time, he also asked them to unite the great majority of comrades in the literary and art circles, strictly confine their actions to the limits prescribed by the political policies laid down by the central leadership. He said that critical articles should be written in a style that can move the people with warmth and convince the people with cogent arguments so as to make the articles acceptable, readable, and scientific. They should not use "leftism" to criticize rightism, because that would just achieve negative results. In his speech, Comrade Xiong Fu first said that he was greatly inspired by the domestic major climate of combatting liberalization that was taking shape; and then he asked the Marxist forces on the theoretical and cultural fronts to join hands in waging the struggle against bourgeois liberalization. In his speech, Comrade Ma Zhongyang used facts and data he had collected to show that the Western capitalist countries, mainly the U.S. government, had always pinned their hope for "peaceful evolution" on the liberalization forces in the socialist countries. Effecting "peaceful evolution" in various socialist countries, including our country, remains the basic state policy pursued by all U.S. governments. Over the past several decades, before and after diplomatic relations were established with our country, the United States has never changed its policy for effecting "peaceful evolution," and has never been vague on this matter. Comrade Liu Baiyu, a veteran writer, mainly reviewed the five rounds of the struggle over the previous more than seven years from the central leadership putting forward the four cardinal principles in March 1979, to the unfolding of the anti-liberalization struggle in spring 1987. He also expressed his opinion on developing socialist literature and art with Chinese characteristics, which should mainly be the socialist literature and art's popular and revolutionary character.

In his talk, Comrade Lin Mohan [2651 7817 3211] analyzed why bourgeois liberalization had surfaced in the literary and art circles, some conditions of the current struggle, and the need to attach great importance to, and to go a good job in, the current struggle. In conclusion, he pointed out that bourgeois liberalization was under the shield of some people from above, and it went on for such a long period that it shaped into an ideological trend and a force; moreover, and gained support from Hong Kong, Macao, Taiwan and foreign forces. Whenever there were some signs of activities at home, actions were sure to take place overseas. For example, when students started trouble, the Voice of America would actively fan the flames. He also pointed out that we must be highly vigilant against such a condition, and deal with it earnestly. To adhere to reform and opening up, we must adhere to the four cardinal principles. Solemnly he said that the struggle to oppose bourgeois liberalization was a matter of first importance that had a bearing on the fate of the party and the State. The effects of bourgeois liberalization were great, but many people had not yet seen the importance and danger of this issue... we have nothing to fear for the party, the people and the country. We should participate in the struggle ourselves, and unite more people to join in the struggle. Let a powerful contingent of Marxist-Leninist theorists be brought up and built in the current struggle!

In his talk, Comrade Chen Yong [7115 8673] analyzed the accomplishments and problems in the decade of literature in the new period. He required to link criticism against bourgeois liberalization in literature and art to the building of Marxist theory, namely, linking the break with bourgeois liberalization to establishment of Marxist theory. Besides, he dealt with study style and literary style. In conclusion he pointed out that no matter what great pressure we were submitted to in the past, we were firm in the belief that marxism would eventually be accepted by people. He said that our work could be arduous, and our road could still be long and winding. Veteran writer Yao Xueyin [1202 7185 0995] delivered a long speech at the meeting. He talked about his interview with Hong Kong and Macao reporters on the issue of one country and two systems. He told the reporters that we should not force the Mainland social system on Hong Kong. However, Hong Kong should also refrain from interfering with the mainland. Should Hong Kong force anything on us, we will criticize it.

In his speech, Comrade Meng Weizai [1322 0251 2707] analyzed the conditions of the ideological trends of bourgeois liberalization on three tiers. The first tier included those people who consciously and systematically put forth total Westernization for China; they advocated taking the road of capitalism, and opposed the four cardinal principles. People in this category were only a handful. There were more people on the second tier, however, their advocation was not so systematic as those people in the first category. They mainly had doubts about the party and socialism, and wavered. People on the third tier were mostly affected by the ideological trends of bourgeois liberalization. He said that we should not pursue the practice of taking class struggle as the key, and turn opposing bourgeois liberalization into a political movement as in the past. Struggle should be strictly confined inside the party, and to the

ideological, theoretical and cultural spheres. Efforts should be mainly exerted to find a solution to problems concerning political orientation and principles. In his talk, he also issued a circular on the conditions of the publication of the novelette entitled "Show Your Tongue or Being Void," which insulted and uglified Tibetan compatriots, carried in the 1987 joint No.1 and No.2 issue of the RENMIN WENXUE ["People's Literature"], and the mistakes committed by its editorial department.

Having listened to reports of the meeting in the course of the forum, CPC Central Committee Propaganda Department Director Comrade Wang Renzhi said: "This meeting has done a good job! The Central Committee has formulated a series of policies and instructions on opposing bourgeois liberalization. It is hoped that comrades will earnestly implement them linking to the conditions of the literary and art circles, and unfold criticism in literary and art theory. We hope that socialist literature and art will become more prosperous!"

Besides, topics organized by three papers and journals were circulated at the forum. Comrade Zheng Bonong [6774 0130 6593], Deputy Editor-in-Chief of WENYI LILUN YU PIPING ["Literary and Art Theory and Criticism"] made explanations on the topics on behalf of the three editorial departments. Through week-long study and discussions, the comrades participating the forum reached common understanding on the following issues. Unanimously they believed that the current struggle of opposing liberalization was mainly confined to theoretical, political and ideological struggles. However, a clear-cut stand must be taken. The forum hoped that its participants would pick up the weapon of criticism as soon as the forum concluded, and take action right away. In writing critical articles, one must adhere to the four cardinal principles, reform and opening up, and link closely to China's national conditions. In addition, one should make meticulous analysis of the theoretical issue to be expounded on the basis of possessing voluminous materials; and the article must be to the point and convincing. It was necessary to treat critical articles as the course of solemn scientific research, and do one's best to make the articles the results of scientific research in illustrating China's practical problems with Marxism, and criticizing erroneous thinking, as required in central documents. It was required that critical articles convey clear-cut concepts, with sufficient grounds, and being colorful. Regarding articles criticizing liberalization, those being criticized would have the rights and opportunities to defend themselves.

In recent years, our publications have spread many contemporary Western bourgeois erroneous ideas and theoretical concepts in world outlook, historical concepts, political concepts, artistic concepts, decadent outlook on life, value concepts, and moral concepts, and have resulted in very bad effects on young students. Those things are precisely the ideological and theoretical grounds for the flooding of the ideological trends of bourgeois liberalization. The criticism against those erroneous concepts will be helpful to mop up the effects of the ideological trends of liberalization, and to clarify the right and wrong in ideology and theory.

In criticizing liberalization, we should continue to firmly and persistently adhere to the party's "Two-Hundred" principle. It is necessary to persistently support the academic spirit of bold exploration. We should allow all kinds of mistakes and shortcomings possibly surfacing in exploration. In short, it is imperative to adhere to, and to develop Marxist theory, so that academic thinking and cultural and art undertakings may be invigorated and thrive healthily.

3. The Major Climate of "Opposing Liberalization" Has Suddenly Changed in the Wake of the Forum

The Zhuozhou Conference was a very important one. The conference did a good job, which found expression in all the participants in the conference deepening their understanding of opposing liberalization, enhancing the consciousness of waging struggles against liberalization, and elevating their theoretical and policy levels through focal study, discussion, and mutual consultation on several days running. Under normal conditions, the Zhuozhou Conference would produce positive social effects. During the course of the conference, some participants expressed their worries on whether or not the current struggle against liberalization would be smoothly unfolded, or be nipped in the bud in view of the experiences and lessons of the sudden interruption of the 1983 elimination of spiritual pollution (which was in essence, a struggle against liberalization.) Unfortunately, such worries were not superfluous. However, many people did not expect that a heavy cost would be paid for that.

With eyes fixed on the Zhuozhou Conference was then Acting General Secretary Comrade Zhao Ziyang, and his think tank, which consisted of "elite" as well as overseas anti-communist forces. The Zhuozhou conference concluded on 12 April 1987, while GUANGMING RIBAO covered it only on 21 April. A few days later, Bao Tong [7637 1749], secretary to Zhao Ziyang, concurrently director of the Research Center of CPC Central Committee for Reform of Political Structure, sent a man to take away all recording tapes and bulletins of the conference. Following that, rumors spread in the provinces that mistakes were committed at the Zhuozhou conference. Some delegates originally planned to relay the spirit of the conference when they returned to their work units, and their plans were cancelled in silence. Almost at the same time, some bulletins issued at that conference were spread overseas through some unknown channels. Thus some people at home and overseas, from the top to the grass roots, worked hand in glove together, acting from inside in coordination with attack from outside, and launched a joint encirclement and suppression of the Zhuozhou Conference. They did their best in fabrication and slander, using all kinds of dirty tricks with the most malicious motives, which were shocking. Such political

rumors then found their way back to Beijing, and became grounds for some people to pursue cultural dictatorship. Here we should like to cite a few examples:

Hong Kong SING PAO DAILY NEWS carried an article entitled "On the Speech by Xiang Fu [3574 1788] at Zhuozhou Conference" (written by Lu Keng [7120 6972,] 16 May 1987 issue,) in which the author threw mud at the Zhuozhou Conference saying: "allowing the conference the highest standard for meals, which was said to be even higher than the standard set for the air force, as a lure, they hoped to rally scholars from various parts of the country to organize a huge writing body to launch attacks on theoretical problems in literature and art in the pattern of Liang Xiao [2773 2400] (the two schools) and Luo Siding [5012 4828 7844] (screw) as organized by Jiang Qing during the Great Cultural Revolution to charge forward on the theoretical, literary and art fronts." With evil intentions he even said that the conference attempted to "organize a great encirclement and suppression on the reformers on the theoretical, literary and art fields" [Author's own note: He openly beautified those people pursuing liberalization as some reformers.]

An article carried in the journal "THE MIRROR," entitled "Backdrop of the Secret Documents of the Zhuozhou Conference" (by Shi Hua [2457 5478], July issue, 1987) said: "By no means was the conference an ordinary 'forum to organize contributions,' but a conference convened by the Central Committee Propaganda Department, with speeches delivered by out-and-out 'leftist' theorists on literature and art to give orders to party officials in charge of literature and art of all provinces, municipalities, and autonomous regions nationwide," and a "factionalist conference" at that. The author of this article also slandered saying that participants of the said conference were "the ultra-leftist of the literary and art circles, who have been specialized in using the big stick in recent years."

The reactionary journal "THE NINETIES" carried a signed article by Lu Jingshi [7120 0079 1102] (July issue, 1987,) which raved that "through the Zhuozhou Conference, the ultra-leftist faction attempted to heat 'the campaign to oppose the bourgeoisie' (author's note: namely "opposing liberalization") to occupy strongholds prior to the CPC 13th Congress to be held in September this year." He fabricated saying,"the standard for reward fixed at the forum for organizing articles is 90 yuan per thousand characters, tenfold that of general press article on the mainland;" then he continued to fabricate: "Not long ago, the writing body under Deng Liqun, Lin Mohan, Wang Renzhi, and He Jingzhi dished up some 400 articles criticizing 'liberalization.' Regretfully, it is said that none of those articles solicited with high price, was presentable after much deliberation and selection by Chen Yong, Yao Xueyin, and Zang Kejia." They even made all kinds of malicious personal attacks on the veteran proletarian revolutionaries, and leading members on the literary and art and theoretical fronts, labelling them as "leftist kings." THE NINETIES even fabricated saying that the Research Center for Policy under the charge of Deng Liqun had "prepared sinister materials for attack" by compiling a so-called "black list of 10 persons," and "black list of seven gentlemen (with two of them deleted later on)," so on and so forth.

In a speech at an important meeting on 13 May 1987 (namely, the 13 May speech) by Comrade Zhao Ziyang in the capacity of acting general secretary, suddenly altered from opposing bourgeois liberalization to opposing "leftism." After that, the major climate of opposing liberalization suffered a reversal. Just as THE NINE~IES (July issue, 1987) put it: "opposing rightist trends has suddenly changed to opposing 'leftism.' China's political situation has undergone some changes." A signed article by Fang Liang [2455 0081] carried in THE MIRROR (July issue) said: "The speech delivered by Zhao Ziyang, CPC Central Committee General Secretary at the rally for a thousand people at Huirentang, Zhongnanhai has launched a counter-attack at the leftist political forces, which have pressed forward inch by inch." THE NINETIES also reported saying: "The wind direction has suddenly changed, and a violent brake has been applied to opposing liberalization. The inside story of the changes can be rather delicate."

Since Comrade Zhao Ziyang was in charge of the Central Committee, he continued to adopt a series of organizational measures which were proved then or later on, to be greatly inspiring to those people who have held fast to bourgeois liberalization, with some people who stubbornly clung to the position of bourgeois liberalization shielded, while personalities such as Bao Tong, Chen Yizi, and Yan Jiaqi were promoted to important posts.

The leaders who persisted in engaging in bourgeois liberalization congratulated each other and were extremely excited. The Hong Kong opinion circles in support of bourgeois liberalized elements on the mainland sang the praises of Zhao Ziyang with an article titled "The Spring Amid the Autumn." An article in CHIUSHIH NIENTAI remarked that Zhao Ziyang was extremely clever in removing two "poisonous stings" with one single move. Zhao Ziyang was also praised in Western opinion circles as a man with an "iron hand."

With a single move Zhao Ziyang struck down the anti-bourgeois liberalization forces and what followed was a wave of anti-"leftist" noise. After that, liberalized thinking on the political and ideological front line became increasingly stronger and unscrupulous, until it colluded with foreign reactionary forces and fermented the turmoil and the horrific counterrevolutionary rebellion in Beijing between last spring and summer.

4. Several Points of Consensus After Reflection

In the speech he made when meeting with the cadres of the Beijing martial law enforcement troops at or above the army level on the fifth day after quelling the Beijing

counterrevolutionary rebellion, that was on 9 June, Comrade Deng Xiaoping asked us to "soberly review the past and consider the future" and emphasized that "we must grasp things with two hands, with one on reform and opening up, and the other on the severe crackdown on economic crimes, which includes paying attention to ideological and political work. Looking back today, there has been an obvious inadequacy concerning these two matters. One hand has been relatively tough while the other soft. There cannot be balance when one is tough while the other is soft. It just will not coordinate." Was not the path we had been treading exactly as he described? That was why:

1. The struggle to eliminate spiritual pollution in 1983 lasted for only 28 days and was nipped halfway. Moreover, they allowed a number of people to slander revolutionary comrades actively participating in the struggle to eliminate spiritual pollution as "dirt washers." The result was that liberalized thinking grew increasingly unbridled, which led finally to the occurrence in many large- and medium-sized cities across the country of the serious incident of student riots. The anti-liberalization struggle launched in spring 1987 was going smoothly when Comrade Zhao Ziyang stopped the struggle. He even adopted a lenient policy toward the evil elements, thus allowing them to recuperate, which is like sowing trouble for oneself by leaving a carbuncle untreated. Thus liberalized thinking was allowed to grow unchecked. By the end of last spring, or the beginning of summer, Comrade Zhao Ziyang had gone even further and finally, he simply joined the liberalized thinking current and supported the turmoil at the expense of splitting the party, with the result that the party and the country had to pay a dear price. Therefore, we cannot at any time allow our hands to grow soft concerning liberalization. We must grasp to the full, the struggle against liberalization.

2. The literary circles have been the area badly hit by bourgeois liberalized thinking. We must pay full attention to this situation. In fact, it is not difficult to understand the situation. A glimpse of the theoretical articles, novels, poetry, reportage, art, music and plays published in recent years in representative central and local literary journals preaching liberalization, will be enough to make one scared. Now there are some people who are very afraid of someone leafing through their past journals. We must completely reverse this situation and oppose with a clear-cut stand, bourgeois liberalization in literary and art circles.

3. The major contradiction in the literary and art front line has not been the contradiction between one conservative faction fossilized in thinking and the reform and opening up faction, nor has it been one between this or that group of people. It has been the contradiction of two ideologies, two stands and world outlooks—between bourgeois liberalization and the perseverance of the four cardinal principles. Facts have repeatedly proved that liberalized thinking has been a destructive intellectual current for reform and opening up. So we must oppose the bourgeois liberalization with confidence and a sense of justice, adhere to the four cardinal principles, the "one center and two basic points," the principle of literature and art serving the people and the direction of socialism and, under the socialist direction, the reform and opening up and the policy of letting a hundred flowers blossom and a hundred schools contend. We must make sure that the literary and artistic opinion circles are in the hands of those who adhere to Marxism-Leninism and Mao Zedong Thought, resolutely maintain oneness with the party central authorities and implement the party's literary and artistic direction and policies. Only thus will we be able to unify comrades in the literary and art circles to fight together and struggle to realize the target.

4. Bourgeois liberalized thinking can only create confusion in literary and artistic thinking, lead literary and artistic creation on an evil path. Only under the guidance of Marxism-Leninism, Mao Zedong Thought, and only by going deep among the masses and into life, will literary and artistic creation correspond with the requirements of literary and artistic regularities and thus prosper. And only this prosperity is genuine and represents a genuine socialist one.

State Council Formulates 43 Laws, Rules in 1989

OW1202130990 Beijing XINHUA Domestic Service in Chinese 1217 GMT 9 Feb 90

["Local Broadcast News Service"]

[Text] Beijing, 9 Feb (XINHUA)—In 1989 the State Council formulated 43 administrative laws and regulations, of which 28 were promulgated by the State Council and the rest issued by ministries with approval from the State Council. The implementation of these laws and regulations will have, or is having, a positive impact on furthering economic retrenchment and reform, intensifying the drive for clean government, ensuring long-term national stability and unity, promoting the effort to open to the outside world, increasing the government's overall ruling capacity, and helping standardize, systematize, and legalize government work.

The formulation of these administrative laws and regulations in 1989 was mainly aimed at implementing the policy of economic austerity and further reform. Twenty laws and regulations in this regard were formulated in the past year, accounting for almost half of the total. They helped to establish and improve order in finance, banking, public health, medicine, agriculture, science, technology, communications, and labor. The implementation of these laws and regulations provides a legal guarantee for furthering economic retrenchment and reform.

To intensify the drive for clean government is another major concern. The State Council formulated four related laws and regulations in 1989. In addition, it formulated administrative laws and regulations aimed at maintaining social order and ensuring national stability. It continued to improve laws concerning foreigners.

BAN YUE TAN Commentary Previews 1990's

OW1402095490 Beijing BAN YUE TAN in Chinese No. 1, 10 Jan 90 pp 4-5

[Semimonthly commentary by staff commentator: "Ushering in the 1990's"]

[Text] The door of the 1990's opened at the sounding of the gong on New Year's day. We have entered the 1990's which is full of challenges and opportunities, as well as difficulties and hope. The BAN YUE TAN editorial department hopes that the people throughout the country, who are shouldering the heavy historical task of accomplishing socialist modernization, will face the challenges, overcome the difficulties, seize the opportunities, and fully develop their talents to greet this decade in which the competition is stiff but much can be accomplished.

The 1990's is full of opportunities and hope. In this decade, we are to achieve the grand goal of quadrupling the annual industrial and agricultural output value, and making our society comparatively well-off; we are to fully demonstrate our talents on the historical stage where the show of reform has already started, and to explore a new socialist road with Chinese characteristics; in accordance with the agreement, we are to resume the exercise of sovereignty over Hong Kong and Macao and take a big step forward toward accomplishing the grand cause of peaceful reunification of the motherland; and we are to hasten the construction of the mansion of socialist spiritual civilization, scale new heights in science and technology, train a new generation of people who are morally good, have lofty ideals, and are disciplined and well-educated, so as to lay a solid groundwork for advancing toward the 21st century and achieving the third strategic goal for economic development.

The 1990's is also a decade in which the competition is stiff and two social systems and two forms of ideology are engaged in a fierce struggle. During this decade, all countries will make efforts to develop economy, science and technology, and the contests in the international market will certainly intensify. The West will keep pushing its strategy of peaceful evolution and we should guard against interference, infiltration, subversion, and other activities. The situation in East Europe is volatile, and the test of strength between socialist and antisocialist forces is drawing the people's attention. China will firmly uphold the four cardinal principles and oppose bourgeois liberalization. This will annoy some people, who will then openly or secretly apply pressure and set up barriers. Contradictions between the north and the south will become more conspicuous, and there will be a louder call for establishing a new international economic and political order.

What should be our approaches in face of these complicacies of the world and such a great and arduous historical responsibility?

We should soberly face the reality and meet the future with full confidence. We should be aware of our weaknesses as well as strengths; the tremendous gap between us and the developed countries as well as the solid foundation we have established; the many difficulties ahead as well as the favorable factors for overcoming them. Now, we have the experience to correct mistakes to maintain economic stability, stop turmoil to maintain political stability, remove interferences to promote reform, and resist foreign pressure to keep it from disturbing us. The practical experiences of the past generations enable our people to believe in our just cause and our party's correct line. Having withstood the tests in the "Cultural Revolution" for 10 years and in the turmoil in Beijing last year, our people are now more appreciative of their hard-won stability and unity.

The broad masses of people deeply understand that, to develop a socialist cause in a complicated international and domestic environment, it is imperative to firmly uphold the four cardinal principles, oppose bourgeois liberalization, firmly promote reform and opening to the outside world, and unswervingly adhere to the diplomacy of independence and self-reliance. China will have a future only by taking the road of socialist modernization under the CPC's leadership, it will have hope only by implementing the reform and open policy, and will acquire its international status only by upholding the diplomatic policy of independence and self-reliance.

To make new successes in the course accomplishing socialist modernization in the 1990's, two fundamental conditions are required at home: First, there must be a stable environment. We are not capable of anything without a stable political situation. Stability is China's primary strategy in the 1990's. It is the most important requirement for achieving the second strategic goal in socialist economic development. Second, the people throughout the country should have a mentality of working with one heart and one mind to make progress. Without this mentality, our accomplishments would be limited even if the objective conditions are good and we would not be successful even if we had golden opportunities. With this mentality, we will be invincible and will always be successful.

The 1990's is full of hope. It is a decade in which the people will make contributions to the cause of socialist reform and construction, and the communists will be tested in a life full of perils. We should not let the years slip by but should struggle to invigorate our motherland. Through our struggle, we will leave useful and valuable things to our nation and our posterity. This is the most meaningful life.

The 1990's is moving toward us, and we are facing the decade with full confidence.

Article Views Current Socialism, Capitalism

HK1801141990 Beijing RENMIN RIBAO in Chinese 15 Jan 90 p 16

[Article by Zhang Yi (1728 0001): "A View on the New Phenomena of Socialism and Capitalism at Present"]

[Text] Socialist countries revealed vigorous vitality, while capitalist countries were beset with difficulties in the wake of World War II, especially in the 1950s. At that time, people had deep faith in the Marxist inference on the general trend of the times, the superiority of socialism, and decaying imperialism. With the passage of time, however, we have seen many new phenomena surfacing. There are true phenomena as well as false ones in both socialist and capitalist countries. Backed with false phenomena, those people who advocate bourgeois liberalization have attempted to bewilder people, particularly to deceive some inexperienced young people. They lauded capitalism to the sky, while they arbitrarily attacked socialism. Therefore, one of the important issues for us to clarify is how to understand socialism and capitalism in the world today.

What Are the Defining Qualities of Socialism and Capitalism

Many people are talking about socialism and capitalism, but they do not necessarily have a clear idea of their connotations and defining qualities. They are liable to believe all things taking place in a socialist country fall into the category of socialism, and things taking place in a capitalist country invariably fall into the category of capitalism. That is not accurate. Such inaccuracy is conducive to many problems in understanding.

The defining qualities of capitalism are the following economic, political, and ideological characteristics as generalized in the concept of "capitalism": Its groundwork is capitalist private ownership of production materials; production is for the sole purpose of possessing surplus value of employed workers; distribution is conducted according to the size of one's properties; and bourgeois dictatorship is implemented with all power (referring to that in determining production materials, the decision-making in production, and property-distribution) going to the capitalist; and an ideology with individualism as the core. Anything that goes beyond these qualities will be out of bounds of "capitalism" itself. Whereas the defining qualities of socialism are the following economic, political, and ideological characteristics as generalized in the concept of "socialism": Public ownership of production materials is founded to meet the requirements of social productive forces, which in turn shapes the material base for public ownership; production is conducted for the purpose of meeting people's material and cultural needs, and accomplishing common prosperity through distribution according to work; proletarian dictatorship, with all power going to the people is implemented; with collectivism as the key, its ideology is characterized by the combination of interests of the state, the collective and the individual.

The capitalist system and the socialist system are stamped by the above-mentioned characteristics respectively. However, we do not reject the fact that they share some things in common pertaining to the human society or several societies. Regarding the essential characteristics of the two systems, they are basically opposite, and the "tendency of their union" is impossible. Should this point be negated, it would lead to a flooding of the ideological trends of bourgeois liberalization. Regarding things in common between them, they have ties with each other, and they may refer to each other. Refusal to acknowledge this point would lead to ossification. Common things in their characteristics are usually not confined to a certain social system; therefore, they cannot be concluded as the defining qualities pertaining to a certain social system itself.

"System" and "society" are two different concepts, but they have some connections; they should not be confused, either. The major aspect of a certain form of society is based on the characteristics of a certain system, which does not necessarily require absolute purity. Any society, with a certain system as its main body, may maintain, in its initial phase, certain factors or remnants characterized by the former old system. While in a latter phase, there are factors of the new system, or factors of improvement along this direction. We should not put the blame on the new system for unhealthy phenomena resulting from factors originated from, or remnants of the former old system; nor should we owe some healthy phenomena resulting from the factors of the new system or improvement to the system as the major aspect.

Why Has the Socialist Economy, Which Is Full of Vitality Failed to Give Full Play to Its Vitality

China's economy suffered a 20-year stalemate between 1958 and 1978. This condition widened the once narrowed gap between China and developed countries. Its enterprises lacked vitality, while in other aspects, including labor productivity, they lagged behind some capitalist enterprises. Superficially, it seems that something has gone wrong with socialism, and it is inferior to capitalism. However, that is not a true phenomenon that reflects the nature of social life; and hence a distinct analysis is involved.

There are three tiers in the objective law that governs the economy. The first tier is the law that governs the productive force itself. For example, the most active factors in the productive force are man, being the motivation, the combination and changes in production essentials, trade, and regional structures; the relationship between human reproduction and material production; and the socialization and internationalization in cooperation and division of labor; all these have their own laws. The second tier is the law governing society, a common law shared by human society or several societies. For example, the law that production relations must suit the nature of the productive force, and the law of value of the commodity economy. These two tiers fall into the

category of common laws. Specific laws governing production, exchange, distribution, and consumption of a certain society belong to the third tier. They reflect the progressiveness or backwardness of the system concerned. Laws in the third tier are restricted by the laws in the first and second tiers, which, in turn, give play to their roles through the laws in the third tier, and reflect themselves in some specific nature and forms in playing their roles under certain social conditions. A system that has already become backward, and is decaying may do its best to adopt measures or to pursue reform by observing and applying to the laws in the first and second tiers. It may succeed in temporarily and partially covering or countering its backwardness and decaying nature. Whereas in a progressive and superior social system, should the laws in the first and second tiers be neglected or violated in practice, the understanding and application of the specific laws would be unscientific or distorted. Consequently, their advantages would not be given play and may even be damaged. Socialism is no exception.

Many of our problems have something to do with the foregoing point. Such problems mainly are: 1) Economic management was regarded as an issue in the domain of production relations and the superstructure, while the study of, and application to the law governing productive forces was neglected. This is due to the failure to understand that the chief task of socialism is to develop productive forces, and continuing to take class struggle as the key. 2) There was a tendency to discuss socialism in abstract terms, departing from productive forces as well as the practice of transcending China's initial phase of socialism today, which should be confined to pursuing public ownership and distribution according to work as the major aspect, in violation, to a certain extent, of the law that production relations must suit the nature of productive forces. 3) There was a failure in acknowledging that commodity economy exists in socialism, namely, planned commodity economy based on public ownership, and the application to competition and market regulation in the commodity economy, things that are common and helpful to invigorating the economy. Past practice was the pursuit of a single mandatory plan, with excessive centralization and rigidity, and an ossified structure characterized by "eating from the same big pot." And, 4) There was self-containment and sealing the country off from the rest of the world (here an imperialist blockade was also an objective cause). All these are not problems derived from the socialist road and the system, but involve the question as to how to understand, and to pursue socialism, proceeding from China's actual conditions. Economic crises have universally taken place in the capitalist world on several occasions over the past 40 years, with their average economic growth rate slowed. Such problems do not exist in China, despite serious setbacks and mistakes in our economic construction. Generally speaking, we have a faster economic growth rate than capitalist countries. That is also factual, on the strength of the established public ownership to meet the requirements of the development of social productive forces, with the antagonistic contradiction between capitalist private ownership and the socialization of production settled. That is a settled basic issue in replacing capitalism with socialism and our success at that. The Third Plenary Session of the 11th Central Committee has corrected the above-mentioned mistakes. Since then, our gross national product has doubled with our economic strength greatly augmented through construction and reform. That is an essential and major aspect, and the true phenomenon.

Is Capitalist Practice the Only Way Out for Economic Invigoration?; Is Reform Leading to "Identity" with Capitalism?

Some people believe that to study the advanced experiences of capitalist countries means learning from their strong points to make up our deficiencies, and achieving economic invigoration by resorting to capitalist practice; and hence, the "union" with capitalism. They even believe that what we are pursuing now "is socialism in name only, but capitalism in essence."

First, we must have a clear idea that what we are learning is the advanced operational and managerial methods, which reflect the common law of modern socialized production, but not things reflecting the characteristics of capitalism. This is not learning from "capitalism," nor seeking "identity" with capitalism.

The "theory of seeking identity with capitalism" is also called the "union with capitalism." It is an international ideological trend, which first appeared in the early 1970s. A serious world economic crisis broke out in 1974, next in scale only to the one in 1929. The rulers of the capitalist world panicked. At the same time, some capitalist countries conducted reform one after another. With such a backdrop, a so-called theory of "union" surfaced in capitalist public opinion, which stated that the East and West met with similar economic problems, with similar conclusions drawn regarding a solution to those problems. Namely, Western capitalism would submit itself to "taming" by the economy and social policies characterized by the Social Democrats, while communism tended to increasingly acknowledge its failure, and the capitalist market mechanism and gradual political liberalization were implemented, with some reservations about ideology simply because to save face (referring to 20 Dec 79 British FINANCIAL TIMES editorial). What capitalism faces is an issue of the basic system, while what we face are issues of structure and specific methods, which are problems surfacing in progress. It is absurd to say that East and West meet similar problems; and even more so to say that we are adopting capitalist ways in secret. Because market regulation is not patented to capitalism, nor are political democracy and liberty.

As mentioned above, capitalism is stamped with such essential characteristics as private ownership, but it also contains things common in modern society such as

socialized mass production and the commodity economy. The bourgeoisie have a history of several hundred years in managing socialized mass production and developing the commodity economy. Some of its scientific operational and managerial methods have developed by absorbing the essentials of human society. We have adopted a correct attitude toward the common wealth of mankind, analyzed them, but have not copied them verbatim. This is basically different from those people who pursue liberalization by lauding the bourgeoisie to the sky and beautifying capitalism. This shows that we proletarians are the least biased and pay the greatest attention to science. Here is the most convincing power of Marxism and scientific socialism.

Capitalist countries are rich in experiences in operation and management and that is their strong point. Socialist countries have only a short history of scores of years, with limited experiences, and that can be their weakness. To study Western experiences means to learn from others' strong points to offset our weakness. However, the strong points and weakness in question refer to the experiences in applying things common to mankind rather than the characteristics of the social systems. Regarding the system, the issue of learning from the capital system to offset the weakness in the socialist system never exists. That the socialist system will eventually replace the capitalist system is determined by social productive force, a material force; this is the objective law governing the development of social history.

How to View Social Reform in Capitalist Countries and its Vitality Even to This Day

The average industrial growth rate of developed capitalist countries was 6 percent between the 1950s and 1960s, and their economy and technology also enjoyed rather great progress, and took on some vitality. That was an actual fact. Those people in pursuit of bourgeois liberalization clamored that modern capitalism had turned for the better, while they attacked Lenin's inference that imperialism is a decaying capitalism, by saying that Lenin's inference is outdated. It seems that people are going to kowtow to capitalism again. That is entirely wrong.

Modern capitalism is really somewhat different from the past. The differences lie chiefly in their pursuing some social reform, such as the state intervening in economic life, the policy of welfare "planning," and the so-called "democratic administration." Here lies the major cause for the partial relaxation of the social and class contradictions in capitalist countries. The question is why they have pursued reform, what is the nature of it all, and what does it explain?

As we all know, the worldwide 1929 economic crisis lasted a long time, with production dropping by 45 percent, and a retrogression in terms of several decades. That shocked the entire capitalist world and capitalism was almost doomed. Against this backdrop, U.S. President Roosevelt proposed a first-aid prescription by increasing national investments, initiating civil engineering projects, increasing employment, and stimulating consumption. That was the famous Roosevelt's "New Deal," which enabled the United States to be the first country to get rid of the difficulties at that time. Shortly before and after World War II, especially in the wake of the emergence of a series of socialist countries, capitalist countries copied Roosevelt's "New Deal" one after another and pursued the above-mentioned policies to relax new social and economic crises and to resist socialist effects. That provides an explanation for the fact that they were compelled to reform. Engels pointed out in his book "Anti'Duhring": "The resistance of the drastically growing productive force against its capitalist quality, and the ever-growing demand to acknowledge its social nature are forcing the capitalists to increasingly view productive forces as social productive force within the bounds of capitalist relations in all possible ways."

In understanding Lenin's discussions on the decaying nature of imperialism in the past, some people held the view that the capitalist society was void of anything, vitality, and impetus for progress to the development of the productive force, and that its production and technology were incapable of further development, or they must develop slower, and increasingly slower than n history. Of course, such an understanding fails to explain reality. But such an understanding does not conform with Lenin's original meaning. It is not that Lenin's basic discussion is outdated, but it has been misunderstood or distorted. When dealing with the decaying expression of imperialism, namely monopoly capitalism, Lenin said that its technological progress and all impetus for progress "will be lost to a considerable degree," but he never said that they would be entirely lost. He said that it "is likely to artificially impede technological progress," but he never said it would do so at any time. He said that the tendency of stagnancy and decay "would be dominant in a certain period," but he never said that it would always be dominant. Moreover, he explicitly pointed out: "It would be wrong to believe that this tendency of decaying will prevent the rapid development of capitalism. No, In the era of imperialism, individual industrial departments, strata of the bourgeois will take on one tendency at one time, and another tendency at another time. Speaking on the whole, the development of capitalism is much faster than before." (Lenin: "Imperialism Is the Highest Stage of Capitalism") Despite the fact that the past decades witnessed some new characteristics of capitalist countries, which require fresh theoretical generalization, Lenin's basic discussions on their basic conditions still hold true.

Article Discusses Improving Ideological Work

HK2401085290 Chengdu SICHUAN RIBAO in Chinese 5 Jan 90 p 3

[Article by Zhang Feng (1728 6912), Sichuan provincial party committee propaganda department deputy

director, concurrently head of the lecture team under Sichuan Provincial CPC Committee: "Energetically Step Up and Improve Work in the Ideological Field"]

[Text] In his speech marking the 40th anniversary of the founding of the PRC, Comrade Jiang Zemin stressed the need to "augment and improve work in the ideological field in a big way," and once again presented to the whole party, the work as an important essence in earnestly augmenting socialist spiritual civilization, in the hope of rousing the focal attention of leadership at all levels. This is a precious lesson learned by reviewing the past, and summing up the strong political storm that arose at the turn of the spring and summer of 1989. It is also an expression that indicates a more comprehensive and in-depth understanding by our party, of the law governing the building of socialist modernization.

Work in the ideological field has always been an important component part of our party's work, in which the party has rich experience and a fine tradition. One of the important experiences was that in implementing the party's lines, principles, and policies in different historical phases, the role of Marxism—this progressive ideology—was given play in ideological education, with its transforming function, and had a tremendous part in mobilization and organization. At the same time, we brought into play the tremendous inspiring and stimulating role of ideological and political work. It was precisely because of this experience that the CPC was enabled to grow from a small political party to a major one; from being weak to powerful; to overcome all sorts of difficulties in leading the party's cause, and to become prosperous. Work in the ideological field has been cold-shouldered because of the mistakes of the party's former major leading member in giving up the four cardinal principles and his ideological effects in recent years. Ideological contradictions and struggles of different natures were no longer mentioned, the propaganda and education in Marxist basic tenets were neglected, ideological and political work was weakened. Consequently, a serious flood of bourgeois liberalization was tolerated and given a helping hand. That was an important cause that led to the turmoil and counterrevolutionary rebellion. A bitter lesson we have drawn is that work in the ideological field can only be augmented, not otherwise.

Augmenting work in the ideological field is out of the need of realizing overall social progress. Building socialism with Chinese characteristics contains the goal of building socialist material and spiritual civilizations; because there are two forces that push society forward. The first is material motivation, namely, social productive force, which is the basic and final decisive force. It is the focal expression of the results of material civilization, and the primary indication of the degree of its development. And the second is spiritual motivation, namely, man's ideology, which has a tremendous power of understanding, to actively transform the world. To educate, and arm the masses with progressive ideology, to resist and eliminate the effects of old, backward, and decadent ideologies, are the important component parts of the building of socialist spiritual civilization, and the major essences in our work in the ideological field. The two motivations infiltrate and promote each other, with one converting to the other, and vice versa; neither is indispensable. They push society forward in the direction of material converting to spirit, and vice versa. It is all the more necessary and important to augment work in the ideological field under the complicated conditions of reform, opening up to the outside world, and developing socialist planned commodity economy, when all kinds of Western culture and ideas have swamped China. Work in the ideological field provides correct theoretical guidance and spiritual motivation for the undertakings of modernization, reform and opening up; creates an environment for public opinion to focus our efforts on economic construction; and to guarantee a correct direction of development in economic construction, reform, and opening up. Should we fail to see the importance of augmenting work in the ideological field on the plane of comprehensive social development, people's understanding of socialism will become one-sided, and their attention will be confined to the building of material civilization, and even to the sole pursuit of material interests. Then, mankind's ideals, the motherland's future, and the nation's spiritual pillar, will all be forgotten. The so-called thinking, "without money, ideals come to nothing, and we can have all the ideals we care for when we get rich; for money, we'll do everything, and money alone is the future; what's the good of a basketful of principles when a 10-yuan bill is far more substantial than that" will become the value concept pursued by some people. Should such ideological trends characterized by "looking forward to money in everything" spread, China and the Chinese nation will lose its rallying force. Then, our modernization will be void of ideals and goals, spiritual motivation and the will to fight, while people will fail to resist the corrosion of all kinds of decadent ideology and factors of corruption, and even take the road of abnormal development and deterioration. Therefore, in this sense, whether or not a good job is done in the ideological field has a bearing on the rise or decline, success or failure, of socialism.

Augmenting work in the ideological field is out of the need of guarding against "peaceful evolution," and consolidating the proletarian government. Socialist ideology exists, and has developed as the opposite to capitalist ideological and social systems since the ideological system of scientific socialism came into being, especially since the surfacing of socialist countries. International reactionary capitalist forces have resorted to "armed intervention" and "peaceful evolution" in rotation. When their naked intervention in the USSR, China and other socialist countries failed, they resorted to more "peaceful evolution," and threatened to fight "a war without bullet fire." They are applying the method of accompanying economic allurement and pressure by ideological and political infiltration in an attempt to disintegrate the socialist camp. They have spared no efforts to open an "ideological battleground," and wage a "propaganda war" with all modern means of the

media, including satellite transmitted television broadcast, with decadent bourgeois ideology as a "sword" in "psychological warfare." They know very well that "to seize power, a primary task is to win people over, and to accomplish it, the first thing is to win their hearts." By taking advantage of the activities in various exchanges, they have infiltrated Western economic, and political systems, theoretical concepts, ethics, and value concept in socialist countries, and trained a number of lackeys, who worship and have blind faith in anything foreign. In the recent turmoil, those people who have stubbornly adhered to bourgeois liberalization resorted to "freedom, democracy, and human rights as their spiritual weapon in starting trouble, while they regarded Western parliamentary democracy, the multi-party system, economic "privatization" and "market-oriented economy," and "total Westernization" as the goal of their pursuit. During the recent turmoil, both the ugly performance characterized by fabrication of the "Voice of America"—the U.S. official mouthpiece, and the erroneous guidance in public opinion by some press units at home, played the part of stirring up trouble, and adding fuel to the flames. They succeeded in creating great confusion among the masses. The lesson written in blood has told us that the international major climate and the domestic minor climate have in essence, reflected the opposition between the four cardinal principles and bourgeois liberalization; the long-term nature, arduousness, and complexity of the contention between the bourgeoisie and the proletariat; and the fact that the front of the struggle between evolution and counter-evolution is none other than the ideological field. Should proletariat ideology retreat from the ideological front, bourgeois ideology will surely occupy it. The pen plays a tremendous role in consolidating the socialist system, and the struggle to guard against infiltration, subversion, and "peaceful evolution" by Western reactionary forces. Both the barrel of the gun and the pen must be placed in the hands of the party and the people, and the leadership of work in the ideological field must be grasped in the hands of staunch Marxists.

Augmenting work in the ideological field is out of the need of transforming the subjective world, and bringing up enterprising and hard-working socialist workers, builders and defenders. Mankind must conduct various kinds of activities for their subsistence and development. In the final analysis, their activities fall into the following categories: To understand the world, and to transform it. To correctly understand the world and to efficiently transform the world, men have to continuously transform their subjective world, to improve the subjective aspect's ability of understanding, and to augment their "conscious subjective activity." Work in the ideological field precisely involves educating, transforming, encouraging, and inspiring people. In social productive forces, man is the first essential. When people's ideological qualities are improved, with their initiative given play, a good job in economic construction and all other items of work will be guaranteed. We have done a lot of work in the ideological field since the Third Plenary Session of the 11th Central Committee. We have scored marked results in bringing order out of chaos, unfolding education in the ideological line of seeking truth from facts, in building socialism with Chinese characteristics, the theory of socialist commodity economy, the basic line of the initial phase of socialism, and the new concept that helps people to conform to the socialist modernization, reform and opening up to the outside world. All this has played an important role in propagating and implementing the party's line and a series of important principles and policies. We must soberly see, however, that the problems in the ideological field are rather serious, and the greatest mistake is the weakening of ideological education among the people, and ideological and political work. Relaxation of the transformation of world outlook, and the struggle in the ideological realm in recent years has resulted in the flooding of extreme individualism, money worship, anarchism, national nihilism, and bourgeois liberalization. Some people have lost their lofty ideals and spiritual pillar. Relaxation in the vigilance and resistance against the dross in Western culture has resulted in voluminous vulgar, low-taste publications, which spread pornography, violence, murder, gambling, and drug addiction; audio and video products are swarming in, and filling the cultural market. They have corroded people's will, poisoned young people and teenagers, and corrupted the social atmosphere. Relaxation in the struggle against the remnants of feudal ideology resulted in the development of bureaucratism, special privileges, and patriarchal clan mentality, and autocratic style; which have injured the flesh and blood relationship between the party and the people. While in the rural areas, feudal and superstitious activities have staged a comeback, and people have extravagant ways of preparing for marriage and funerals, the peasants who have just eradicated impoverishment are once again spiritually and materially burdened. The above-mentioned facts tell us that we should not underestimate the attack of bourgeois ideology and feudal ideology on socialist ideology, and the effects of idealism and metaphysics on cadres and the masses. To bring up one generation after another of successors to the socialist cause, at no time should we relax the transformation of the subjective world.

When we stress work in the ideological field, importance of the spiritual role, and carry forward the fine tradition of work in the ideological field, by no means are we to turn back to the period of "taking class struggle as the key," and past "leftist" practice, characterized by pursuing the "omnipotence of spirit," and conducting arbitrary struggles. Beyond a doubt, when giving up past "leftist" practice, by no means does it signify negation of work in the ideological field to pursue the "theory of spirit being useless", or "non-ideology" between two opposite social systems to the effect of giving up struggle and disarming spiritually. In the new phase of socialist modernization, work in the ideological field must center around economic construction, follow the basic principle of serving socialism and the people, oppose bourgeois liberalization with a clear-cut stand, and resist the effect

of all kinds erroneous ideological trends and decadent ideas. We must firmly, comprehensively, and accurately propagate the party's basic line, the theory and decision-making of building socialism with Chinese characteristics, the accomplishments and experiences of people of all nationalities throughout the country in modernization, reform, and opening up; and adhere to educating people in Marxism, bringing up new people "with lofty ideals, moral integrity, good educational background, and a high sense of discipline." Work in the ideological field will certainly have much to accomplish, and improve greatly with good results, should such a basic principle and work orientation be adhered to.

Augmentation and improvement are two sides linking to each other in elevating the quality of work in the ideological field. Augmentation is the prerequisite and base, whereas improvement means developing, deepening, and elevating. On the basis of inheriting the fine traditions of work in the ideological field, it is necessary for us to conduct reform, blaze new trails, increase new essences, create new forms and ways, improve quality, and strengthen the effects, persuasiveness, and attraction of our work to meet the new conditions and find solution to new problems. Lots of work is awaiting us in improving work in the ideological field. At present, it is of realistic significance to clarify theoretically, some important relationships.

On the issue of adhering to the four cardinal principles and the "Two-Hundred" principle. The four cardinal principles are the foundation of building the nation, and one of the basic points of the basic line, while letting a hundred flowers blossom, and a hundred schools of thought contend, is our party's basic principle for developing art and science. Implementation of the "Two Hundred" principle should be helpful to adhering the four cardinal principles, but not weaken and shake them; and it should augment the leading position of Marxism in the ideological circles, but not otherwise. The "Two Hundred" principle is to be conducted among the people, with counterrevolutionaries excluded. Some people regard the principle in question as an absolute freedom, without any restrictions, while they do not acknowledge the class nature pertaining to freedom. They have even gone so far as to unrestrainedly give expressions to erroneous things, but refuse to unfold criticism against them, and to allow Marxism to wage struggle against anti-Marxist ideological trends. How could the "Two-Hundred" policy be actually implemented that way? In essence, that was distorting the "Two-Hundred" principle, changing it into one for liberalization. On the relationship between emancipating the minds and opposing bourgeois liberalization: We should not allow the practice of pursuing liberation under the pretext of emancipating the minds, nor should we flinch from advocating emancipation of the minds, and encouraging bold exploration because of opposition to bourgeois liberalization. When we advocate emancipation of the minds, we refer to mopping up concepts that fall out of line with the spiritual essentials of Marxism and objective reality to better adhere to Marxism. In actual fact, "leftism," "rightist trends," ossification, and liberalization are all in objective existence in China, and the struggle against erroneous things is a long-term one. Some people have distorted some of our correct slogans to achieve their ulterior motives; that too, is an objective existence. Therefore, we should not flinch from ascertaining certain correct slogans because of that. We should also see that it is necessary to relatively concentrate the essences and focii in propaganda and education in a certain period to resolve certain major erroneous tendencies. But we should not forget the struggles against other erroneous thinking and ideological trends. In view of the fact that liberalization has flooded in for quite a long while, with very strong negative effects, we should intensify the positive voice in opposing liberalization, but it does not mean that we should refrain from advocating all correct slogans in the category of emancipating the minds and opposing ossification; the more so from believing that all such slogans are wrong. But of course, we must draw a demarcation from the fallacies of those people who advocate capitalism under the pretext of reform, opening up, and emancipating the minds. Struggle in the ideological field is complicated. It is necessary to strictly differentiate between the two different categories of contradictions, and give different kinds of guidance in conducting education based on the conditions of the thinking and characteristics of different subjects. We should strictly refrain from requiring unanimity in everything or doing things in a hodgepodge manner.

On traditional culture and foreign culture, all fine culture in the world is the common spiritual wealth of mankind. Marxism is the crystal of fine culture of the human race. In the course of opening up to the outside, it is impossible for us to avoid contacts with foreign culture, and a repellent attitude toward foreign culture does not help. A correct attitude should be discarding its dross and selecting its essentials with differentiation, absorption, and resistance. Chinese culture is a brilliant part in the treasure house of the world's fine culture, it is likewise mankind's common spiritual wealth. We should not give up our own culture as hopeless. The conditions in recent years have been: Excessive propaganda of foreign culture, Western culture particularly, and insufficient propaganda of traditional culture, especially revolutionary traditions. Some people who pursue liberalization have not only generally negated traditional Chinese culture but also thoroughly negated the new culture since the "May 4th Movement". This led to the gradual flooding in of national nihilism. Others have introduced, without criticism, the world outlook, concepts of history, politics, art, ethics, and values of Western capitalism, and provided ideological and theoretical grounds for the spreading of liberalization to a certain extent. We should, of course, continue to learn from foreign countries, and to understand "the West" to refer to, and absorb the scientific elements in foreign thinking, but by no means should we depart from China's national conditions, and blindly peddle them.

Nor should we neglect the study in Chinese issues. It is necessary to propagate Chinese culture in a big way to cultivate deep feelings for the motherland, and elevate national pride and confidence.

On spiritual production and consumption, mankind conducts material and spiritual production to meet the needs of subsistence, enjoyment, and development. The quantity and quality of spiritual products determine the essences and determine the degree of satisfaction of spiritual consumption, while they also affect and restrict the habit, level, and scope of spiritual consumption. The needs of spiritual consumption, in turn, determines and restricts, direction and scope of spiritual production. The sort of spiritual production will bring up spiritual and cultural customers that fall into the same category as it, while the sort of spiritual and cultural customers bring about the emergence of spiritual production that falls in line with their needs. It is necessary for us to primarily keep control of spiritual production, the fountain head, based on the principle of the mutual reaction between spiritual production and spiritual and cultural customers, and to resolutely halt the production and circulation of all "spiritual opium. At the same time, to advocate and encourage the production of healthy spiritual products, to formulate relative cultural policies and laws, to augment control over the cultural market, guide the masses' spiritual consumption, enrich their spiritual life, and cultivate a civilized lifestyle. The majority of spiritual products are produced and circulated as commodities, therefore economic results have to be taken into consideration. However, all units involved in spiritual production and products must place social benefits at top priority. Social benefits should come first, when contradictions and conflicts emerge between economic results and social benefits. The practice of giving priority to money rather than to people, while poisoning them, should be refrained from.

In the final analysis, to augment and improve work in the ideological field, it is necessary to deepen our understand and put it into practice in party organizations at all levels. So long as that is accomplished, with importance attached to it in our thinking, we are sure to give play to the tremendous social functions of work in the ideological field, to overcome difficulties, to maintain the stability of the social, and political situation, to complete the arduous tasks of improvement, rectification and deepening reform, and to push forward development in building the two civilizations.

Article Urges Greater Caution on Democracy

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[Article by Li Zhizhong (2621 1013 0022): "Several Thoughts on Democracy"]

[Text]

The Wrong Orientation in Studies and Propaganda on Democracy Must Be Checked

Since the Third Plenary Session of the 11th CPC Central Committee, studies on democracy and relevant propaganda have been more active than ever before and scored considerable achievements. This trend has had, and will continue to have, much to offer in the fostering and reinforcement of the whole nation's democratic awareness, and to the on-going construction of the democratic system in China. This should be given full credit. However, as is inevitable in the high tide of ideological emancipation, there have been a small handful of ill-willed people elusively mixed in, who exercised demagoguery and caused political theorists and the media to depart, in recent years, from the Four Basic Principles in some respects of their research and propaganda on democracy; thus misleading theoretical understanding and public opinion. This problem is seen in the following respects:

First, there has been the tendency of dignifying bourgeois democracy and depreciating its socialist equivalent in "re-understanding" the former. It is indeed in the interest of developing superior socialist democracy to correctly analyze and understand the evolution of capitalist democracy as well as the up-to-date information about its content, form and influence. However, in recent years, some people have cast away the essence of the "re-understanding". Without exposing the hypocritical nature of bourgeois democracy, they described instances of the striving for selfish purposes among different bourgeois political forces as examples of "palpable" and "dynamic" democracy. Meantime, they ignored the "advantages" of socialist democracy in their studies, magnifying its imperfections, describing the bulk of our democratic system as "formalistic" and "without solid worth", and placing party leadership and socialist democracy on opposing sides. There are some others who, on the pretext of exploring ways to "perfect" democracy and regardless of our state and governmental systems, spout the rhetoric of "separation of power" and "balance of power" with no criticism at all, and feverishly advocate that the Western electoral system, power-balancing principles, setup of state organs and democratic procedures and measures, should be copied indiscriminately and not merely for reference. This wrong stand and point of view have directly resulted in a dazzling depiction of the "free world" for many who cannot see the truth to envisage, and aroused doubt about the virtue of socialist democracy and our state system. Many among the masses, especially some student youths, have been misled and consequently do not recognize the fact that all citizens of China enjoy equal political rights regardless of wealth difference, the abundant advantages of the People's Congress over Western legislatures, the new development of democracy in the political reform, and the party's painstaking efforts in the construction of socialist democracy. Some of those who took part in the turmoil and the rebellion were in fact the ideological victims of such a wrong "re-understanding".

Second, some people doing comparative studies on socialist and capitalist democracies have cooked up "common features" of the two and blurred out or even deny their fundamental distinctions. A large number of articles were churned out to explore historical affinity between socialist and capitalist democracies, and analyze their "common" contributions to the present world. They tried with all their might to level the difference between the two systems and disregard the class nature of democracy. Some went a step further to claim "freedom, equality, and fraternity" as "the access to socialist democracy". This trend of denying the class nature of democracy has adversely affected the circles of political theory studies and the media, and led many comrades astray. Marxism has always held that democracy in human societies has distinctive class attributes and connotations. It analyzes democracy in view of state systems and argues, "Democracy is a form and formation of state." Socialist democracy is in the interest of the proletariat and the working people. Its true implication is that people are the master of the state and the small handful who hate and sabotage socialism will meet with severe punishment. On the contrary, democracy in the capitalist world means political privileges enjoyed by the bourgeoisie who are in the minority and hostile to the common people. Those who are keen on bourgeois liberalization may be able to deceive the student youth and the general public for a time when they emptily talk about democracy without referring to its class connotations, but when they start instigating rioters to commit beating, smashing and looting, and seek to overturn socialism, their real intention of practicing bourgeois democracy is thoroughly exposed. The turmoil and the rebellion once again reminded us that democracy without class attributes does not exist.

Third, some people pursue the sort of democracy that is not applicable in China as determined by our past and present conditions. They overlook China's historical background and repeat, at a time when the reform and opening are under way, the abortive practice of the late-Qing bourgeois reformists, in an attempt to introduce the political system of the capitalist world into China. This is in fact a denial of the socialist political system that has survived the selection of time. There are other people who are spurred by their overcharged political enthusiasm and rush for success without considering the reality of our country. They do not realize that the present democratic construction in our country is still restricted by its economic basis, the general ideological and cultural level among the people, and traditional customs; improvement will go along a gradual course. They wish that superior democracy could come into being overnight and step up their pursuit of democracy to an impractical extent at another extreme. Our national conditions determine that the construction of socialist democracy in our country cannot but proceed gradually. The several revisions of the electoral law since 1979 have indicated that progressive extension of citizens' franchise is only possible when social, economic, and cultural conditions are making steady progress. If Western countries' universal and direct suffrage is put into practice right away in China, as the bourgeois liberalists suggest, only confusion and disorder will occur.

Fourth, when studying and introducing foreign democratic systems, some people tend to adopt a one-sided and pragmatic approach. As a matter of fact, the overwhelming majority of the countries or regions practicing capitalism have a low level of bourgeois democracy. Many are in fact dictatorships and the people of some of those countries or regions are suffering year in year out from darkest military dictatorships established by force. But in recent years some people have been actively introducing limited aspects of a small number of developed countries, never touching upon the centralism in most capitalist countries, and it is therefore impossible for people to get a correct and all-round view of capitalist democracy. Even when they were explaining the situation in those few developed countries, they took a biased approach and selected facts for their argument. The widely distributed materials so produced are largely propaganda of the seemingly lively "democracy" of the upper-class bourgeoisie, and little account is taken of the dimensions of the actual democratic rights enjoyed by the general public of lower social status. Hence the fundamental misunderstanding of capitalist democracy of many people.

In China, further strengthening the theoretical studies and propaganda on democracy is of special importance and also requires immediate attention. This includes some necessary analysis and the introduction of bourgeois democracy. Nevertheless, we must stick to the Marxist-Leninist stand, and historical materialist and dialectical materialist approaches, and make a scientific study on various democratic ideologies and political formations in light of their respective historical background and class attributes. We should take active measures to enhance the advantages of socialist democracy and seek to improve its weak points. And we should take from capitalist democracy what is of genuine value, and remold it to help improve socialist democracy. The reactionary elements should be exposed and repudiated. It is only when these are achieved that the studies and propaganda on democracy can be of real help to China's democratic enhancement.

Democratic Practices Must Be Brought Under Legal Constraint

There is another problem that calls for our attention in the wake of last year's turmoil and counterrevolutionary rebellion, that is, how to correctly handle the relationship of dialectical unity between democracy and rule of law. While developing socialist democracy, we should strengthen socialist legal system and resolutely allow no anarchical democratization beyond legal bounds.

Democracy and rule of law have always been closely linked and complementary to each other. Whatever the circumstances, it is absolutely wrong to separate them as

irreconcilable. Democracy of any type in modern society is established on a certain legal basis. There has never been anything like legally unbounded democracy. Even in a capitalist country, the ruling class imposes rigorous legal restrictions on its citizens' democratic rights and civil liberties in order to protect their political system, and maintain social order. Absolute democracy and liberty beyond legal bounds of any kind are nowhere to be found. Our country is a socialist one and therefore it is imperative to have a socialist legal basis for the development of superior democracy. Democracy deviating from socialist legal system will invariably lead to social disorder and eventually impair socialist democracy. In the 10 years of the "Cultural Revolution", the "broad democracy" which ideologically defied all laws was hailed as the very democracy of socialism, and in the end brought about a havoc. In the recent turmoil and rebellion, a small handful of people with ulterior motives flaunted the banner of "Democracy and Liberty" and instigated student youths and other people to break into Party and government establishments, hold street demonstrations, go on hunger strikes and sit-downs, and block up traffic. As a result, the life and work of the citizens in Beijing and some other places all over China, were disastrously disordered. These wanton violations of the law were a full departure from socialist democracy.

Why did many good-willed people hoping to see more developed democracy find their sincere wishes taken advantage of by a small handful of people and leading to unlawful practices? Besides the responsibility they should bear themselves, the problem is also attributable to the following factors as far as legal work is concerned:

First, legal education for the entire citizenry has been highly inadequate. Many are poor in legal awareness and more so when it comes to the Constitution. Though some publicity efforts have been made and the Constitution highlighted as the core of the 5-year plan of universalizing general legal knowledge since the new Constitution was promulgated in 1982, education on the Constitution has not been so thorough, solid, nor effective, as the rest of legal education. The exclusive authority of the Constitution has not taken root in people's awareness and fully attained its due position in the country's political life. From the turmoil and the rebellion we can also see that many people were ignorant of the fact that the Four Basic Principles are put down in the Constitution and also the essential part of it. They did not know citizens' rights, obligations and responsibilities stipulated in the Constitution and other laws, nor the constitutional provision that exercise of citizens' rights should not result in infringement upon others' lawful interests or those of the State. Consequently, they did a lot of things that were in evident violation of the Constitution and other laws. Their poor sense of law was exploited by the small handful of people who then orchestrated the so-called "pro-democracy movement" which was, in effect, law-breaking.

Second, the legislative work in the field of spiritual civilization has fallen far short of the needs of the reform and opening up to the rest of the world. In many respects there are still no legal provisions to abide by. Law not only regulates and sets standards for people's behavior, but also functions in a similar way on individual political ideology. For 10 years since the reform and opening up policy went into effect, the population has been paying more and more attention to the spiritual aspect of life, with their livelihood improving materially, and capitalist culture and ideology infiltrating as well. Under these circumstances, we must strengthen spiritual civilization and gradually bring the activities therefore, under socialist legal constraint. However, the legislative work in this connection at the moment cannot keep abreast with the needs of the reality. Many constitutional provisions have not been well enforced because of there are no corresponding laws or regulations to go with them. Many people are at a loss as to what are the right things to adopt from Western culture and ideology, and become indiscriminately fanatical. Though there is no denying that pursuit of a higher level of spiritual life and democratic rights is an indication of historical advancement, relevant laws, such as those of press, publication, association, assembly and demonstration, must be made to give full guarantee and indispensable restrictions to citizens' speech and behavior in specific and unequivocal words; in order to ensure the materialization of citizens' rights and provide guidance for the positive and healthy development of the society's spiritual and cultural life.

Third, some law violations have not been strictly dealt with according to the law. All conduct against the law must be penalized, but the cadres and masses have observed that after repudiating the doctrine of "taking class struggle as the key link" things have headed toward another extreme in recent years. Most of the counterrevolutionary acts have been treated as ideological problems and a small handful of counterrevolutionary activists have been handled softheartedly. In the cultural domain, unlawful practices have been very rampant and extremely destructive, but we have mainly resorted to political-ideological work and administrative discipline instead of punitive legal measures. Some of us did not dare to bring to justice those troublemakers who committed beating, smashing, looting and other forms of sabotage under certain justifications, and even shirked mention of the term "troublemaking" out of fear. Lack of firmness is in evidence here. Some people tend to take the notion for granted that "law never incriminates the multitude." As a result of the weak enforcement of the law in the above respects, a small number of people, meeting no deterrence, went their own way unscrupulously and brought damage and disorder on society. In view of the above problems, we must continue our efforts to strengthen the legal system and bring all social activities, including democratic practices, under legal constraint.

Give Full Play to the Role of the People's Congress System

We did put down the turmoil and the rebellion, but we are not against "democracy," even though it was used by

the trouble makers to justify their criminal deeds. Quite the contrary, the turmoil and the rebellion have given us a vantage point from which we can see the inadequacy and imperfections of democracy in China today, as restricted by various factors. The democracy we have been endeavoring to develop has been undermined by the ideological trend of bourgeois liberalization in recent years. Therefore, after the suppression of the counterrevolutionary rebellion, the progress of democratization should not be retarded, but more forcefully propelled in the socialist way. The Fourth Plenary Session of the 13th Party Central Committee listed four major tasks for immediate attention, one of which is the strengthening of democracy and legal system. This is a plan of great significance.

The most essential way to strengthen democracy and legal system is to give support to, and work for the perfection of, the People's Congress system. This is because socialist democracy is by nature a system in which people are the master of the state. As the provision goes, "The institutions for people to exercise the rights of the state are the National People's Congress and local people's congresses at all levels." The People's Congress system is the base of China's political framework and the basic form in which people exercise their rights as the master of the state. Giving full play to the role of people's congresses and their standing committees is vital to the materialization of people's democratic rights and full development of socialist democracy. We are firmly against both the attempt of transforming the People's Congress into a Western-style parliament, and the depreciation of the People's Congress, or even total denial of its value. This requires the effective reinforcement and perfection of the People's Congress system.

How can we get the best from the People's Congress system? In view of what we have learned from the turmoil and the rebellion and the pressing needs of the present day, people's congresses at all levels and their standing committees should ensure consistent enforcement of the Constitution, and other laws, to promote democracy and rule of law.

First, let the Constitution lead the way and uphold the Four Basic Principles, the quintessence of Chinese people's experience in their revolutionary struggle in the past several decades, and also the foundation of our government. To ensure that socialist democracy develops in the right direction, we must firmly stick to the Four Basic Principles. People's congresses at all levels and their standing committees are organs of power of the state and must base all their activities, such as legislation, supervision of law enforcement, appointment and removal and other aspects of decisionmaking, on the Four Basic Principles, and defend the dignity of the Constitution. We should actively develop socialist democracy under the guidance of the Constitution and wage a merciless struggle against bourgeois liberalization with the power of the Constitution. In both practices, we should bring the authoritative role of state power organs into full play.

Second, strengthen legislative and supervision of law enforcement, place people's democratic rights under the protection of the legal system, mete our punishment to corruption, safeguard social security, and promote economic development. As stated earlier, our legal system is not perfect, therefore strengthening legislation remains an important task. What needs special attention now is the making of laws concerning citizens' basic rights and obligations, so that they can fully enjoy their rights and conscientiously perform their duties. A more striking problem in the development of the legal system is the deviation from law or weak enforcement of it. Lenin said, "What are the general ways to ensure law enforcement? One is to supervise law enforcement, and the other to punish whoever does not enforce the law." Supervision is an important means to ensure law enforcement, and the supervision through People's Congress system has more authority and legal effect than any other form of supervision, and therefore should be turned to better account. Nowadays, the general public has built up a bitter hatred for the corruption of some state functionaries and the central authority has made up its mind and planned practical measures to check corruption by punishing the offenders to win the trust of the people. People's congresses and their standing committees should conscientiously implement this plan, supervise the elimination of corruption and encouragement of honesty on behalf of the people, take the supervision as a key link in the undertakings of people's congresses and help party conduct and government's style of work improve efficiently with some down-to-earth commitments.

As long as we keep learning from the past in great earnest, we will definitely be able to open up a new situation that is more democratic and more prosperous.

Article Considers Public Security 'Purge'

HK0802055590 Hong Kong TANG TAI in Chinese No. 10, 3 Feb 90 p 8

[Article by Liang Yi (2733 6654) in Beijing: "Letter From Beijing on the 4th June Incident—Purge Within the Public Security System"]

[Text] XX [preceding Roman letters as as published]:

Not long after the student movement started, the Ministry of Public Security issued an order forbidding its staff to take part in the demonstrations, voice support for the students, provide support (financial or material), and so on. But some people acted otherwise. After the 4th June Incident, the ministry decided to criticize and punish members of its staff, beginning the task with Yu Haocheng. Yu, a dissident, former chief and editor in chief of the Mass Publishing House under the Public Security Ministry, who retired before the 4th June Incident, went to Tiananmen Square with other scholars to voice support during the student movement, and composed and xeroxed relevant materials. Yu was the first person to be arrested by the Public Security Ministry

after the incident, and was sent to a house of detention for interrogation. Then personnel of all units under the ministry were organized to study documents to deepen their understanding. They were told to expose and inform against other persons behind their backs and make self-criticisms one by one. (Editor's note: Yu Haocheng has reportedly been released and put under house arrest.)

The People's Public Security University of China is an institution of higher learning under the Public Security Ministry. The students went to Tiananmen Square in groups on their own to voice support and express sympathy and solicitude for the students on hunger strike. Dressed in police uniform and flaunting banners carrying slogans, they held a demonstration in Tiananmen Square. When the scene of them extending their regards to students in Tiananmen Square was broadcast by the television station, the minister of the Public Security Ministry gave them a dressing down, and threatened them with disciplinary action within party and administrative disciplinary measures. The university administration was required to guarantee that there would be no similar incidents in future. In the wake of the 4th June Incident, the ministry punished high-level cadres of the university in various ways for not knowing how to educate young people and for mismanagement, and sent an investigation group to the university. They carried out a thorough investigation into students who had been to Tiananmen Square, and meted out punishment case by case.

When the report that some medical workers of the Public Security Hospital (there are only two public security hospitals on the mainland, one in Beijing and the other in Tianjin) under Beijing Public Security Bureau had gone to Tiananmen Square to voice support for and convey greetings to the students was released, the Public Security Ministry immediately sent cadres to the hospital to take people concerned to task and mete out punishment. As the students had tightly cordoned off Tiananmen Square and nobody was allowed access to the center without a permit from the Square Command Post, the fact that they were granted admission showed that they had close relations with the students. As a result, they were subjected to more thorough investigation and more severe punishment than students of the People's Public Security University of China. After the 4th June Incident, these medical workers were basically released from service. They were assembled to study documents and make written self-criticisms. The organizer was subjected to more thorough examination: Which member or members of the "Federation of Beijing College Students" do you know? What is the nature of your relationship? Where are they now? What did you do to help the federation? Are you a member of the federation? And so on. The case involving medical personnel of the Beijing Public Security Hospital was treated as one of the three special cases of the Public Security Ministry in relation to the 4th June Incident. It is not difficult to imagine what was in store for some medical workers.

Apart from the military, the Beijing State Security Bureau and Beijing Public Security Bureau also played an important part in the 4th June Incident.

Before the student movement started, the State Security Bureau and Public Security Bureau sent plainclothes personnel among students to keep watch on principal figures. The sign by which they could recognize each other was an armband made of red cloth on which were the two gold characters "Special Police," and on the back of which were designations indicating which units they belonged to. Normally they kept the armbands in their pockets and did not wear them for identification until they arrested people. This enabled them to avoid harming each other, and to identify and support each other. However, they inevitably met with adversity. When the troops opened fire on the crowd and arrested people, quite a number of personnel from the Public Security Bureau and State Security Bureau also fell victim. Though they were released later, they were bruised and cut from being beaten. This reporter interviewed personnel from the two units following the 4th June Incident. They could not help showing indignation at the mention of their suffering, hurling abuse at the troops, labeling them as blackguards more despicable than beasts, and shouting: "I also work for the party." Among them are veteran policemen who were awarded second class merits and second class group merits for their outstanding service in the 5th April Incident. They had a lingering fear. They said that the authorities ordered them to arrest people during the 5th April Incident, but that the latter were later released and rehabilitated. It might have been lucky that this time they had soldiers in the van charging the crowd. But for the troops, they would have had to arrest people themselves. What if those arrested should be rehabilitated later? "We are all over 40, what will we do for the rest of our lives?" At present they are backbone elements of the Public Security Bureau (in terms of seniority and qualifications and service records). After the 4th June Incident quite a number of cadres in the Public Security Bureau took a passive attitude and performed their duties perfunctorily, while others regarded themselves as instruments: they arrested people as they were told to.

As many guns were snatched by residents and students (and there were also a large number of guns left in the military vehicles which caught fire) during the 4th June Incident, the Beijing authorities set up crime hunting centers and telephones so that the broad masses of residents could expose and inform against ruffians and those who hid guns, ammunition, and military material. When the government organ concerned received information by telephone or letter, it would first make sure through the units under the Public Security Bureau in charge of household registration whether there was such a person. If the reply was positive, they would inquire of the relevant police substation about the person's conduct. During the 4th June Incident, Beijing was in a state of confusion, and nobody knew how other people had acquitted themselves. The decision to arrest people was

made on the basis of the subjective impressions of people's policemen of police substations. Those who had been sentenced for committing crimes, detained for examination, or sent to reform-through-labor farms were undoubtedly arrested again (this was why, after the 4th June Incident, newspapers and journals repeatedly emphasized that the "ruffians" who stirred up disturbances during the 4th June Incident were mostly criminals who had been released after serving sentences or who had returned from reform-through-labor farms). For those without criminal records, the martial law troops, guided by personnel from the local public security bureau, would tell them to come to the door and, after they had made sure they had the right person, they would beat him up and bind him hand and foot and then send him to the detention center for interrogation.

In Beijing, there are district committees under the municipal committee, neighborhood committees under the district committees, and residents committees under the neighborhood committees. Those in charge of public security in the residents committees are known as "bound-foot detective teams." The local public security bureaus rely upon them to keep an eye on thousands upon thousands of ordinary people.

After the authorities told people to inform against others following the 4th June Incident, the "bound-foot detective teams" set about their task. They began searching their memories: Who had taken part in the demonstrations? Who had watched ruffians setting fire to military vehicles? What had somebody said to them? Then they reported the material to security people and let them decide what to do about them. Some people naturally seized the chance to achieve personal vengeance. For instance, if you had had a row or come to blows with somebody, he would tell the security people that you had set fire to military vehicles. If you denied it, they would say who could prove that? There were many such instances. A security policeman said to this reporter in person: "Damn it! I have really had my hatred satisfied. I informed against those who had beaten up my younger brother, and the police substation arrested them, gave them a good beating, and detained them for several days before anything else."

Following the 4th June Incident, Beijing was in terror at night. After 2030, the martial law troops would examine the identity cards of any residents.

No matter whether you were on foot or riding on a public bus or a taxi, you had to stop immediately when the martial law troops motioned you to do so; if you defied orders, they would open fire to warn you or shoot you. Ordinary people, except those who were on evening duty, did not stay out at night.

The soldiers were allowed to enter private premises to carry out inspections on the pretext that somebody had fired sniper shots. Such instances occurred at Sanlitun in Chaoyang District, at Yangfangdian in Haidian District, and at Taijichang in Dongcheng District.

XINHUA Features Model Laborer, Village

OW0802234690 Beijing XINHUA in English 1552 GMT 8 Feb 90

["Follow Me, I'll Make You Rich"—XINHUA headline]

[Text] Guiyang, February 8 (XINHUA)—Twenty years ago when He Dianlun went to Beijing to be received by the late Chairman Mao Zedong on the rostrum of Tiananmen Gate as a national model laborer, he wore a borrowed suit.

Last year, he was again elected a national model laborer and went to Beijing to take part in the celebration of the 40th anniversary of the founding of the People's Republic of China. When he shook hands with Jiang Zemin, general secretary of the Chinese Communist Party Central Committee, he owned a car and a two-story house.

Several years ago under the country's reform and open policy, He Dianlun made the brave promise "Follow me, I will make you rich" to his villagers. At first, the villagers were doubtful.

Hetaoba, a village in the southwest part of Guizhou Province in southwest China, and He Dianlun are becoming known to the outside world. Outsiders say the village has become rich because it developed its tea industry, but the villagers say it is because He Dianlun led them on the road to wealth.

Last year, the village's output value was 2.50 million yuan and per capita income was 1,100 yuan, the highest figure in the area.

He Dianlun, over 60 years old, is a short, lithe and confident man, with a haggard, sunburned face.

He has been the secretary of the village branch of the Chinese Communist Party for more than 30 years.

Hetaoba Village, located deep in the mountains, has a total area of 15 square kilometers. The 2,600 people of the 620 households in the village farm an average of about 0.085 ha per capita. Most of it is hilly land.

"Since I was elected party secretary, I have been thinking of how to make the village rich. Before 1965, grain production in the village was only 250,000 kilograms with per capita income of 80 yuan. At that time, I thought the lack of irrigation water was the root of the village's poverty. So I decided to develop an irrigation system," he said.

He put 700 men on the job. After three years of hard work, they succeeded in damming the Meijiang River with a 57-meter dam. Grain production has increased from 250,000 kilograms to 750,000 kilograms. Hetaoba Village became famous. Other parts of the province have followed its example. He Dianlun was elected a national model laborer and invited to Beijing to join the National Day celebration.

"Actually, at that time we only had enough to eat. There was no spare money to buy other things," he said.

He borrowed a suit from Yang Chunshi, then a county head. The suit was little better than his own patched clothes. Because Yang was taller than him, he had to roll up the sleeves and trousers. Jokes were made when he entered the guest house and attended the state banquet in Beijing, the attendants, thinking he was a dish washer refused him entrance.

"Returning home from Beijing," he said, "I fell deep in thought about how to make the villagers rich enough not to be regarded as beggars outside."

He described himself as a man not always satisfied with his own situation. He had thought of many ways to help the village to get rich, but in the ten chaotic years of the Cultural Revolution, he felt that he could not realize his plans.

Since the party and government started the policy of reform and opening to the outside world, there has been ample scope for his intelligence and ability. Because 80 percent of the land in Hetaoba Village has high acidity, he felt that tea was the right road. Most of the villagers did not agree with him. So he first led four party member families to plant tea in 1982. In 1984, their tea plantation made a profit of 15,000 yuan per hectare.

The villagers were convinced. Large scale tea development began. The village now boasts 133.3 ha of good varieties of tea plants. Under the guidance of tea experts, they have four high grade tea varieties which were highly praised by Chinese and foreign experts at China's first tea culture week last year.

From 1982 to 1989, the village earned one million yuan by planting tea trees. Average income per household was 2,000 yuan.

With the money earned from developing a tea industry, the village has invested thousands of yuan in improving irrigation in the past two years. That guarantees good harvests of grain, rape, tobacco, and ginger.

In the past, the forests on its surrounding mountains were almost used up by the villagers for heating and cooking. They have money to buy coal now and have replanted trees on the mountains.

Hetaoba is now known for its development of surface resources. Experts say surface resources development first started in the village.

In 1988, several officials from the United Nations visited Hetaoba and wrote a book on the achievements of the village.

He Dianlun proudly said: "Now the village has visitors each day to learn its experience." In the past three years, the village has received more than 12,000 visitors including scientists, professors, journalists, and provincial and city officials. Many farmers from neighboring provinces also go to Hetaoba to buy tea seedlings and learn planting and management techniques.

His family, one of the richest in the village, has a house equipped with modern furniture, a car and color TV sets.

He is still very much concerned about others. At a meeting of poor families in the village, he confidently said: "Listen to my advise and work hard, I promise that you will become rich in three to four years.

He provides free technological service and tea seedlings to the poverty stricken families. Last spring he sold two million tea seedlings at a price 20 percent lower than the market price. That cost him nearly 20,000 yuan.

His car has become a public facility in the village. He will drive any one ill to the hospital or who wants to do business in the cities free of charge.

He has donated 3,400 yuan to build a road in the village and spends another 7,000 yuan each year for road maintenance. Last year, he used all of his 1,000 yuan bonus from the national meeting of model laborers in Beijing to buy gasoline and drove with his car all the members of the village's party branch on a study tour.

In recent years, he has sent more than 1,000 people outside the village to get training, upgraded the village's middle school to a vocational school and invited lecturers from outside to train agricultural technicians for the village.

In 1988, he founded a tea economic complex with himself as chairman of the board. It sold shares to the villagers to build a tea processing plant.

Sitting in his guest room where a map of China and a map of the world hang, he said he is confident his tea products will soon enter the world market.

Talking about future plans, he said: "I suffered poverty and bitterness and now have become rich. That is because of the country's good policy. I am over 60. I now only want to think of more ways to help the villagers get richer."

Distortion of Cultural Revolution Criticized

HK1402074790 Beijing WEN ZHAI BAO in Chinese No. 686, 27 Dec 89 p 6

[Article by Li Mingsan (2621 2494 0005) Carried in "ZHONGGONG DANGSHI YANJIU (STUDY OF CPC HISTORY)" and Excerpted by Yao (1202): "Put a Stop to the Unhealthy Practice of Concocting the History of the 'Cultural Revolution'"]

[Text] Rather than literary novels, books describing actual persons and events during the "Cultural Revolution," such as biographies, factual novels, and interviews, should be based on real historical materials and written in a serious and earnest manner. However, some

books wantonly distort historical facts, invent stories, and arbitrarily jump to conclusions. The main examples are:

1. Writers are very fond of writing gossip, "anecdotes," and "inside stories," which remain unconfirmed and cannot be confirmed; simplifying and vulgarizing the complicated political struggles and the Lin Biao and Jiang Qing cliques' criminal activities during the "Cultural Revolution"; and covering up the essence of the struggles and the schemes and intrigues of those persons condemned by history.

2. They disregard historical facts. For instance, the highest post Chen Boda held during the "Cultural Revolution" was Political Bureau Standing Committee member, but some authors described him as vice chairman of the party's Central Committee.

3. They concoct stories on serious political problems, regarding imagination as facts. Some books say that Jiang Qing tried to kill Marshal Ye Jianying and Marshal Xu Xiangqian, and that her secretary told them to escape by secret telephone calls. But the secretary, who is described as "an unsung heroine," solemnly declared: "I did not know of this plot of Jiang Qing's; even if I had known, I would not have dared to divulge the information."

4. They beautify those who were guilty of all kinds of evil. Take Wang Li for example. He committed many crimes during the "Cultural Revolution," and the central authorities have passed official judgment on his history, but some authors insist that what he did during the "Cultural Revolution" should be clarified and analyzed in a practical way. Qi Benyu was arrogant and domineering during the "Cultural Revolution," and committed serious crimes, but some authors describe him as a person who clearly perceived the sins of the "Cultural Revolution" and the essence of Kang Sheng and Jiang Qing.

5. They throw mud at Mao Zedong. Naturally Mao Zedong should be held mainly responsible for the erroneous "Cultural Revolution," but there were complicated historical and social reasons for the inception and continuation of the revolution. Nevertheless, some authors say that Mao Zedong initiated the "Cultural Revolution" in a bid to materialize his plot, that is, to "regain his authority." The rhetoric "uncover a handful of capitalist roaders in the army" was invented by Chen Boda, Wang Li, and others and was publicized in the editorial of the 12th issue of 1976 of HONGQI, but some authors say the editorial was based on Mao Zedong's "supreme instructions," only Mao denied it later. Clearly the authors turn things upside down on purpose.

The publication of a large number of books that distort and fabricate history interferes with the normal study of the "Cultural Revolution," and poisons the broad masses of readers, especially young people who did not experience the "Cultural Revolution."

Writer Wang Zengqi Criticizes 'Model Opera'

HK1402070590 Beijing WEN ZHAI BAO in Chinese No. 684, 21 Dec 89 p 5

[Article: "Wang Zengqi (3076 2582 4388) Holds That the Theory Guiding the Literary Creation of 'Model Opera' Is Undesirable"]

[Text] In his article carried in the fifth issue of "WENYI YANJIU [LITERATURE AND ART STUDIES]," writer Wang Zengqi says: Several years ago, people wrote about the good and bad of "model opera" as if it had two sides. I think that generally speaking, "model opera" is good for nothing and is gravely culpable. There is no need to point out that this was a weapon used by the "gang of four" to oppose the party and scramble for power (not that directly), or that "eight operas for 800 million people" would reduce China to a cultural desert. I only say, judging from the method of creation for "model opera," that there was some reason for this kind of opera to come into being and that it has brought endless disasters. The theoretical basis of "model opera" is that it emphasizes main themes and "three outstandings." The three outstandings were invented by Yu Huiyou, namely, making positive characters outstanding among all other characters, making heroic characters outstanding among positive characters, and making major heroic characters outstanding among heroic characters. This kind of hierarchy is clearly so absurd that Jiang Qing once remarked: "I never said 'three outstandings,' I only said 'one outstanding.'" By saying "one outstanding," she meant that she only intended to make heroic characters outstanding. Here I do not want to talk about the good and bad of hero worship. Nonetheless, I know that Jiang Qing's "hero" is an absolutely dauntless one. All our senses cannot be perfect, nor can those absolutely untrue characters. "Three outstandings," and "emphasizing main themes," are in conflict with the principles of artistic creation and with the laws of realism.

New Cultural Journal Published

OW1402183790 Beijing XINHUA Domestic Service in Chinese 0708 GMT 7 Feb 90

[Excerpts] Beijing, 7 Feb (XINHUA)—ZHONGGUO WENHUA [Chinese Culture], a huge academic journal with the aim of promoting Chinese academics and culture, was recently inaugurated.

The journal, published by the Joint Publishing Company and Hong Kong's Zhonghua Bookstore simultaneously in the interior and in Hong Kong, is edited by the ZHONGGUO WENHUA Editorial Department of the Chinese Art Research Institute. Published semiannually in the spring and autumn, the journal will mainly carry academic theses with focus on academic research on cultural phenomena. [passage omitted]

Some 20 experts in the field of human studies at home and abroad have been invited to act as the journal's academic advisers or special advisers.

It has been learned that a Taiwan edition and an abridged English edition of the journal will also be published.

Science & Technology

Pakistan Begins Operating Exported Reactor

HK1302094390 Beijing CEI Database in English 13 Feb 90

[Text] Beijing (CEI)—A mini-reactor made by China National Nuclear Industry Corporation, the first such reactor exported by China, has been put into operation in Pakistan recently. At least another China-made mini-reactor is under construction in a Third World country and a number of contracts for the purchase of nuclear products from China are under negotiation. The nuclear products exported by China are mainly uranium products for nuclear power stations. China's uranium product export has been increasing over the past few years at the rate of 10 percent per year. In 1989, China and Pakistan agreed to jointly build a 300,000 kw nuclear power station in Pakistan.

Nuclear Power Component Installed in Qinshan

OW1202115590 Shanghai City Service in Mandarin 2300 GMT 8 Feb 90

[Report by station reporter Yuan Hui from the "Morning News" program]

[Text] This reporter learned from the Shanghai Nuclear Engineering Design Institute on 8 February that following the completion of the earthwork at the end of last year, the installation of five key equipment components—the reactor pressure shell, the steam generator, the voltage stabilizer, the main pump, and the main pipeline—and the central control room have been completed for the Qinshan Nuclear Power Station, the first nuclear power station to be designed and constructed by China. The equipment will begin operation before the end of this year.

According to the schedule, the Qinshan Nuclear Power Station will undergo equipment adjustment, simulated tests, filling of nuclear fuel, and [words indistinct] generating electricity before the end of this year. The station has a designed capacity for generating 300,000 kw electricity beginning next year.

The Qinshan Nuclear Power Station project is designed by the Shanghai Nuclear Engineering Design Institute. More than 70 percent of the project's equipment is made in China. The main components of the domestically made equipment are produced by relevant plants in Shanghai Municipality.

State Develops Missile Service System

HK1002063790 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1130 GMT 31 Jan 90

[Text] Beijing, 31 Jan (ZHONGGUO TONGXUN SHE)—China's strategic missile force has built up its own equipment service system and a contingent of technical service personnel to meet the needs of future nuclear counterattack operations. Late last year another batch of equipment which had undergone large- and medium-scale overhauls was shipped out of the repair and spare parts works of the strategic missile force.

Technical maintenance is of crucial importance to a strategic missile force. In the past, however, China's strategic missile force, with an unsound equipment service system, fully relied on local workshops for equipment repair and maintenance. As a result, the missile force had to spend several million yuan a year on equipment service but failed to ensure timely completion of training and launching missions. In 1980, a group of equipment repair works and electronics equipment plants were set up, with a nearly 2,000-strong staff. In the last three years alone, these repair works and plants successfully completed more than 300 major scientific and technological research projects. The special equipment management department [te zhuang guan li bu 3676 5944 4619 3810 6752] and a certain repair works subordinate to the strategic missile force have succeeded in developing a special equipment mobile repairing unit after three years of painstaking efforts and thus resolved a major problem regarding frontline repairs and quantitative testing missions. The instant intelligence power charger [zhi neng kuai su chong dian ji 2535 5174 1816 6643 0339 7193 2623], the microcomputer stoppage detector for missile-launching sighting devices [fa mao she bei gu zhang wei ji zhen duan 4099 4178 6080 0271 2399 7140 1792 2623 6085 2451], and other devices developed by these two units have now become part of the essential repair equipment of the strategic missile force.

s Expands

HK1102010090 Beijing ZHONGGUO XINWEN SHE in Chinese 1213 GMT 31 Jan 90

[Text] Beijing, 31 Jan (ZHONGGUO XINWEN SHE)—China will strive for new and greater development in export of aeronautic, astronautic, electrical, and mechanical products this year, an official of the Chinese Ministry of Aeronautics and Astronautics Industry said.

It is reported that foreign trade companies belonging to the aeronautics and astronautics industry sector managed to maintain growth in exports last year despite various difficulties.

Statistics show that last year's export volume of the whole aeronautics and astronautics industry totaled $260 million, an increase of 60 percent over the previous year and an all-time high.

The official disclosed that in recent years China has built up 14 bases to produce aeronautic, astronautic, electrical, and mechanical products for export and 43 relevant foreign trade enterprises enjoying greater decision-making power.

At present China's aeronautics and astronautics industry sector exports more than 400 items which fall into 10 major categories. Among these export goods are civil airplanes and spare parts, products of astronautics technology, spare parts of civil airplanes manufactured under contracts, automobiles and spare parts, machine tools and related equipment, medical equipment, and precision tools.

High technology and high value added are the main features of the products exported by China's aeronautics and astronautics industry sector. Well received abroad in the past few years, these exported products are of strong competition power on the international market and enjoy a good reputation in Western Europe, North America, Hong Kong, and Macao.

In light of the special characteristics and favorable conditions of the industry, the decision makers of the Ministry of Aeronautics and Astronautics Industry have drawn up a policy of "key products, key markets, and breakthrough in key areas," which gives preference to production of export goods.

Thus it can be seen that China is now more ambitious in expanding exports in this field. It is stressed that focus will be placed this year on development of follow-up products of higher grades which incorporate higher technology, with a view to meeting different needs of different consumers' groups in different countries.

Technology Trade Increases in 1989

OW1402201490 Beijing XINHUA in English 0653 GMT 14 Feb 90

[Text] Beijing, February 14 (XINHUA)—THe volume of technology sales in China reached 8.146 billion yuan (about 173.3 million U.S. dollars) last year, a 12.38 percent increase over 1988's figure, according to recent statistics from the State Science and Technology Commission.

Now the technology market in China plays an important role as a bridge between scientific and production enterprises.

In 15 provinces and cities the trade volume in technology exceeds 100 million yuan-worth each.

Since 1984 China has developed various forms of technology markets and now has nearly 20,000 technological trade departments with a total of 360,000 employees.

In addition, China is also becoming more and more involved in international technology trade.

Military

Article Stresses Party's 'Absolute Leadership'

HK0502012390 Beijing JIEFANGJUN BAO in Chinese 18 Dec 89 p 2

[Article by Wang Chenghan (3769 6134 3352): "Uphold the Party's Absolute Leadership Over the Army with Great Firmness"]

[Text] The CPC is the core of leadership that guides the people of the whole nation to carry out socialist revolution and construction. The party is also the core of leadership in the building of our Army. The fundamental guarantee for our Army's establishment and growth into a strong, modern, and regular revolutionary army as it is today lies in the party's absolute leadership over the Army.

In the turmoil and the counterrevolutionary rebellion in Beijing, the Western bourgeoisie and a small number of domestic people who stubbornly stuck to bourgeois liberalization blatantly clamored that "the Army should not involve itself in politics and should maintain a neutral position as the armies in the West," and they demanded that "the party's Army be turned into the state's Army." These reactionary viewpoints can be summarized into one point, that is, "shifting the Army into the hands of the state." In essence, they opposed the party's absolute leadership over the Army and attempted to completely free the Army from the party's leadership, thus changing the nature of our Army and achieving their sinister purpose of overthrowing the leadership of the Communist Party and the socialist system. This is an important question for the kind of army we will build and what class dictatorship the Army will serve and prop up. We must resolutely refute such ridiculous viewpoints put forward by the advocates of bourgeois liberalization and must give our Marxist answer to the question they raised.

As everyone knows, the four cardinal principles constitute the foundation of the state. At present, the most important thing is to uphold the party's leadership and the socialist system. The Army serves as the pillar of the state, and the Army's basic functions, as prescribed by the PRC Constitution, are to consolidate national defense, resist foreign aggression, defend the motherland, defend the people's peaceful labor, participate in national reconstruction, and make every effort to serve the people. This is in line with the supreme interests of the whole people. In order to ensure that our Army will always defend the state, defend socialism, and defend the people's interests, the party's absolute leadership over the Army must be maintained and the Army must always maintain a high degree of political uniformity with the party central leadership and obey the party's command, thus ensuring the nature of the people's Army.

Maintaining the party's absolute leadership over the Army is a fundamental principle that determines our party's political life. This principle is determined by the

nature and purpose of our Army, and was gradually formed and perfected in the long struggle in the past. It is an irrefutable truth borne out by the long struggle. Our Army's history incontrovertibly proved that only with the party's absolute leadership over the Army being maintained can the Army really grow into a new-type people's army and a proletarian army. Our Army's growth could never be separated from the party's leadership for even a single day. Otherwise, the Army's nature would change and the Army would take to evil ways. This is not only true of wartime, but is also true in the period of peaceful construction. Our Army has always been mainly composed of soldiers of peasant origin. It can be a proletarian army and can serve the people wholeheartedly, in the final analysis, because the Army is led by the CPC. The CPC is the vanguard of the proletariat and is a political party armed with Marxism-Leninism. The party represents the fundamental interests of the proletariat and the people. When the party is subject to the party's absolute leadership, all soldiers will be cultivated by the party and be armed with the proletarian party spirit, the world view of dialectical and historical materialism, and the lofty ideal of communism. Thus, the whole troops can effectively transform their non-proletarian ideas, establish a lofty political goal, consciously cultivate the sense of discipline and a brave and dedicating spirit for revolution, and our Army can become a completely brand-new people's army that serves the people wholeheartedly. The performances of the Army in the recent struggle to quell the counterrevolutionary rebellion once again demonstrated the nature of the people's Army. Although the members of the Army may be changed, as long as the party's absolute leadership over the Army remains unchanged, the Army will always maintain such a nature.

Since classes first appeared in human society, there has never been an army that "does not involve itself in politics." The Army is a major component part of the state apparatus. Our Army is a strong pillar of the people's democratic dictatorship. As Marx pointed out, the primary condition for the proletarian dictatorship is the existence of a proletarian army. State, political party, and army are all products of the uncompromising class struggle. As a people's army led by the CPC, from the first day of its founding, our Army began to act as an armed group carrying out the political task of revolution, and it has never become independent from politics in society. At the ninth party delegate conference of the 4th Army Corps of the Red Army in December 1929, Comrade Mao Zedong drafted the Resolution of the Gutian Conference and explicitly elucidated the importance of maintaining the party's leadership over the Army. The document also specified the political, ideological, and organizational measures and systems for ensuring the party's leadership over the Army. During the Long March in 1935, Zhang Guotao tried to usurp the leadership over the Army from the party and tried to split up the party and the Red Army. At that time, Comrade Mao Zedong pointed out: "Communist Party members must not contend for the commanding position in the Army among themselves (must not act like Zhang Guotao any more), but they should contend for the command of the Army on behalf of the party and the people." He also put forward the principle that the party should command the gun and must not be controlled by the gun. In view of the Kuomingtang's proposal about sending their members to be cadres in our Army, and in view of Wang Ming's erroneous idea of subjecting the Army to the Kuomingtang's "unified command," Comrade Mao Zedong once again stressed the principle of "firmly maintaining the Communist Party's absolute leadership over the 8th Route Army." In the period of the Liberation War, two erroneous deviations, namely, personal arbitrary leadership and decentralism, appeared in the party organizations and the Army, and the party central leadership once again reiterated the principle of the party's "absolute leadership" over the Army. After the founding of the PRC, it was decided at a national meeting attended by senior party cadres in the military field that the system of the party committee's unified and collective leadership, with division of work among leaders of a military unit, be pursued by all military units at all levels. These principles, systems, and measures ensured that our Army always maintained a correct political orientation and acted as an armed group that fulfilled the party's political tasks.

The political tasks assigned by the party to the Army include resisting aggression by a foreign enemy and preventing internal subversion by an enemy. That is to say, as an armed group carrying out the party's political tasks, the Army should play the role of pillar of the state power in both the struggle against overt enemies doing evil openly and the struggle against "peace evolution" and subversive schemes. In normal circumstances, public security organs and the armed police force are responsible for maintaining law and order, and there is no need to use the Army for this purpose. However, when emergencies occur and the police force is not strong enough to cope with the emergencies, or when the administrative and legal means become ineffective in settling the problems, the party central leadership, the State Council, and the Central Military Commission may decide to use the Army to impose martial law and suppress the hostile elements who stage a counterrevolutionary rebellion, thus controlling the situation and restoring law and order. This is also a function that the Army should perform. This is determined by the Army's position in the state power and by the Army's nature and is in line with the sacred mission for the Army as prescribed by the Constitution.

As a matter of fact, it is a common practice in all countries of the world to use the Army to quell domestic turmoil. In both socialist and capitalist countries, when law and order in society is disrupted and the state power is seriously threatened, and when ordinary means fails to calm down the situation, the Army is used to control the situation. It is claimed that armies in the Western countries "are not involved in politics," but in fact, they still serve the interests of the bourgeois political parties

and function as the tool of the bourgeois dictatorship. Whenever the oppressed and exploited people rise to struggle and shake the political power of the bourgeoisie, the armies are certainly used to suppress the people in a bloody way.

It should be stressed that the Communist Party's leadership and command of the Army is in line with the constitutional stipulation that "the PRC Central Military Commission leads the Armed Forces of the whole country." The CPC is the leading force in China's socialist cause. Governments, armed forces, and mass organizations at all levels must be subject to the leadership of the party. In the new historical period, with the increasing improvement of the state leadership system, the system of the party Central Committee leading the Armed Forces of the whole country through the state's Central Military Commission has been established. This fully demonstrates the constitutional principle that the working class (through the Communist Party) leads the state. This is favorable to bringing the internal functions of our Army into play and to coping with emergencies. Practice shows that this is a completely successful leadership system, in keeping with the national conditions of our country and with our Army's conditions. The Army's role in checking the turmoil and quelling the counterrevolutionary rebellion in the capital also showed that maintaining the party's absolute leadership over the Army and the Army obeying the party's command was an important condition for guaranteeing the party's leadership over the state and a reliable guarantee for smashing the international monopoly bourgeoisie's "peaceful evolution" strategy against our country.

In order to oppose the party's absolute leadership over the Army, the advocates of bourgeois liberalization not only called for "shifting the Army to the hands of the state," but also tried to change the elements in the grass-roots party organizations in the Army. They even demanded that party organizations in the Army be dissolved and that the Central Military Commission of the party and the party committees in various military regions be dissolved. This was absolutely intolerable. As we all know, the party organizations in the Army at various levels are not only the mainstay for uniting our own forces, defeating the enemy, and ensuring the Army's growth, but are also the organizational guarantee for the party's absolute leadership over the Army. At any time, only the CPC can set up and develop its organizations inside the Army. Only by properly and successfully developing and consolidating the party organizations in the Army and giving full play to the role of the party committees as the core of leadership, to the role of the party branches as fighting bastions, and to the vanguard and exemplary role of party members can the party stand the blood-and-fire tests of wars and political storms.

In short, our Army has braved storms for more than 60 years. Our officers and soldiers were able to bravely fight the armed enemies with one stepping into the breach as another fell, and were also able to bravely face dangers and humiliation when confronting the arrogant rioters. The basic experience is that under any circumstances, the principle of maintaining the party's absolute leadership over the Army must be upheld with great firmness, and the idea about the Army absolutely obeying the party's leadership and command should never be attenuated.

Commentary Views Militia Reorganization

HK1502004590 Beijing JIEFANGJUN BAO in Chinese 20 Jan 90 p 2

[Short Commentary: "Grasp Key Points, Do a Good Job in Reorganization"]

[Text] The annual militia reorganization and rectification have begun. What should be grasped in militia reorganization this year? The key to the 1990 militia reorganization is to purify the militia contingent, to consolidate militia organizations, to complete and perfect institutions of militia activities, to implement the organization of emergency militia detachment, and to run grass-roots militia organizations on a solid basis.

To do a good job in militia reorganization this year, importance must be attached to propaganda and education. Focal efforts should be exerted on education in adhering to the party's basic line, the four cardinal principles, and opposing bourgeois liberalization, education in the situation, and education in the militia's nature and tasks. Let the militia's faith in the party's leadership be stimulated, and their confidence in taking the socialist road be firmed up through unfolding education in these aspects, and the concept of their role, sense of glory and responsibility of being militiamen according to the law be enhanced, so that the militia may consciously safeguard the country's stability.

To do a good job in militia reorganization this year, it is imperative to further purify the militia contingent. In the course of reorganization, it is necessary to do a good job in guaranteeing the political quality of recruited militiamen, those who are politically unsound must be firmly weeded out from the militia contingent, to guarantee the purity and reliability of militia organizations.

To do a good job in militia reorganization this year, it is necessary to focus on core members of the militia in building militia organizations in a down-to-earth way. The strength of core members of the militia in key regions should be appropriately augmented. A good job must be done in readjusting the age structure of core members of the militia, and in stabilizing and consolidating militia organizations in enterprises in the course of improvement and rectification. Militia reorganization in township and town enterprises must be well conducted on the basis of adhering to the existing method of reorganization in the rural areas. It is necessary to complete and perfect the institutions of militia activities, to grasp well work in checking results of militia reorganization. Militia organizations should eventually

become sound and healthy, with sufficient equipment of cadres, officers and men knowing each other, and constant activities.

To do a good job in militia reorganization this year, it is necessary to establish emergency militia detachments, to fully give play to the role of such detachments in taking up duties of war preparations and maintenance of social order. In the course of reorganization, it is necessary to ensure that the building of emergency militia detachments is based on the needs of duties of war preparations and maintaining social order. The scope and number of emergency militia detachments should be determined through joint study of the local party committee, government and military department. Under general conditions emergency militia detachments can be set up on the basis of existing militia organizations, by giving them assignments. Militia departments at various levels should strengthen leadership in work concerning militia reorganization, go down to the grass roots to conduct investigation, research and guidance, and focus their efforts on doing a good job in work of militia reorganization this year in a down-to-earth way.

Article Reaffirms Land, Sea Domination

HK1402151590 Beijing JIEFANGJUN BAO in Chinese 19 Jan 90 p 3

[Article by Zhang Zongde (1728 1350 1795): "Closely Combine Land Domination and Sea Domination"]

[Text] Sea domination and land domination are two basic factors in the guidance of coastal defensive operation. Which is more important depends on choices made in different periods; and different guiding concepts can also lead to different stresses.

According to historical records, during the Ming dynasty, there had been disputes between the factor favoring the sea domination theory and that favoring the land domination theory, with regard to the strategy against Japanese pirates. Governor and Secretary Hu Zongxian maintained: "As far as river bank defense is concerned, the stress must be placed on the guarding of river banks; similarly, as far as coastal defense is concerned, the stress must be placed on defense of the coast. This is a concept obvious to all." Apparently he emphasized sea domination regarding coastal defense. At that time, his view was endorsed by some officials in the capital. They held that the Japanese pirates were adept at land warfare while the Ming troops were superior in waterborne warfare. The Ming troops had always beaten the enemy in naval combat in the past because they had dominated the enemy at sea; therefore the sea domination strategy was preferred. However, Prefecture Magistrate Yan Zhong, Vice Minister of Coastal Defense Tan Lun, and some other officials pointed out: As the weather is unforeseeable and the combat conditions are poor on the immense sea, it is hard to wipe out all invading enemy at sea. For this reason, they preferred the land domination strategy. By synthesizing both of the above views, Zheng Ruozeng, the author of "Works on Coastal Defense," proposed the principle of "defending the waters, intensifying coastal defense, and strengthening defense of towns" and the concept of attaching equal importance to land and sea domination. He emphasized the need for a multi-level massive defense structure covering the sea, the coast, and inland cities and towns alike. With this defense structure, one will be able to beat the enemy at sea, repulse them when they are landing, or wipe them out when they intrude into the hinterland. This strategy played an essential guiding role in the defense against the Japanese pirates and the consolidation of coastal defense at that time, was of great guiding value to the struggle against aggressors from the sea in the days after, and can still be used as a good strategy for coastal defense today.

For a long time we have placed our focus on land domination in coastal defense. According to this concept we have made a series of defensive preparations and worked out a comparatively complete anti-landing campaign theory. Practice has proven that it works. From a long-term point of view however, stressing land domination alone is not suitable, since it can hardly guarantee the security of the coast. Therefore, we must closely combine land domination with sea domination, build up a massive coastal defense system which integrates operation at sea, around islands, along the coast, and around cities, give full play to this defense system's capacity, and thus ensure triumph in future coastal defensive operations

Article Views Role of Naval Deterrent

HK1202064390 Beijing JIEFANGJUN BAO in Chinese 26 Jan 90 p 3

[Article by Zhang Xiaolin (1728 2556 2651: "On Role of Naval Strategic Deterrent"]

[Text] The nuclear deterrent has a role that cannot be replaced by a conventional deterrent. Therefore, in the contemporary world, even some medium-sized and small countries which are not economically well-off are also thinking of ways and means to squeeze into the international "nuclear club." But everyone recognizes that given the existing international situation, the threat to national security comes more often from local wars, which contain less risk but are more likely to break out. Therefore, conventional forces which can serve as a deterrent and can be used in actual fighting have a flexibility that can hardly be replaced by strategic nuclear forces. The Navy is an important part of the state's conventional forces. The naval deterrent is also an important part of the state's overall deterrent. Moreover, given the role of the Navy's own characteristics and the influence of various external factors, the naval deterrent occupies a prominent position in the state's overall deterrent.

The features of the naval deterrent come from the Navy's fundamental characteristics and its particular use. A most fundamental and most obvious feature that sets the

Navy apart from the land force and the air force is that the Navy takes the ocean and the space above it as its area of activity. This can also be described as the fundamental characteristic of the Navy. This fundamental characteristic determines the Navy's activity and use having their own characteristics. In sum, these characteristics find concentrated expression in space and time.

First, the space for naval activity is unusually wide. The world's surface is 71 percent ocean (most of it international waters free for navigation), or high seas. Given an oceangoing capacity, a state's Navy can freely assert itself in this wide space. Well-known student of naval strategic theory Ma Han said: "Only a Navy's scope of activity is international. It is as spacious as a statesman's scope of activity." It is exactly because of this characteristic that it is generally recognized as "an international service." In addition, the ocean also has a connecting character. This determines a Navy's being able to cruise the various sea areas of the world without hindrance and bring a state's influence to various parts of the world. The seas also have the characteristic of being neutral. This also determines a Navy's being able to operate outside a target state's territorial limits, giving it no excuse to protest. All these lay a good foundation for the assertion of the naval deterrent.

Second, the time for the use of the Navy spans the whole historical period of peace and war. Ma Han considered that "what sets apart naval strategy from the land force is that there is no distinction between times of peace and times of war." The Navy can at any time go out of its own national gate and enjoy more opportunities to realize the state's will within the international scope. Therefore, the Navy is the service of the state that is most capable of asserting its role in time of peace. Military deterrent action can take place before a war and also during the war. But deterrent action aimed at preventing a war before its outbreak is especially important. In the contemporary era, various countries' strategic focus has shifted to how to prevent war through deterrence. Thus, in long periods of peace in mankind's history, it naturally rests with the Navy to assume the role of the state's military deterrent. In France, naval strategy is given the straight meaning of "deterrence and action." In foreign military academic circles, the exercise of deterrence is considered the Navy's "natural privilege."

The many features of the naval deterrent are based on the above two fundamental characteristics and are linked to each other. They show that of military deterrents, the naval deterrent is an effective, flexible, and credible means of deterrence. Concretely speaking, the following may be pointed out. **1. The naval deterrent is a deterrent with wide-ranging goals.** A state has a limited number of land neighbors. But its neighbors in terms of the seas are not just the few traditionally known to be "separated by a stream within each other's sight," or "a strip of water." The seas, given their connection with the world and international use, make every country with a coastline the neighbor of any other country in the world with a coastline. Most of the world's countries have coastlines. Therefore, they can be considered sea neighbors of a particular country. Meanwhile, just as people say that given the development of transportation and telecommunications, mankind's world has become increasingly small, so distances between sea neighbors in the contemporary world have become increasingly short. The land border between two neighboring countries is entirely closed to a third country. On the other hand, a country's sea boundaries are open to any country. This means that most of the world's countries can become the target of the naval deterrent of a particular coastal state. In this sense, the Navy's deterrent tends to be aimed in all directions. Of course, given only a "quasinavy," incapable of sailing away from the shore of an island, a country will have no choice of deterrent target. **2. The naval deterrent is a relatively credible deterrent.** The threshold for a naval deterrent to turn into armed conflict and war is very low. Given the effect of a particular accidental factor, it can unconsciously and easily let itself go. It can not only do so but can also even easily back off. The reason is that its field of activity is the high seas. The high seas are dubbed in common parlance a "public highway." Any state with the power can squeeze onto this public highway. Also, the outcome of a confrontation or a conflict taking place on the high seas will involve no change in sovereignty over territorial land and waters, and very few aftereffects. For instance, the assumed act of two armed warships of the United States and the Soviet Union of "bumping into each other" in the Black Sea serves to fully explain this. Similar incidents can hardly happen on land. Therefore, the possibility of confrontation and even armed conflict and war at sea are far greater than on land. At sea, an accidental small-scale armed conflict can become a grey zone between deterrence and war. A strong country will even purposely provoke a conflict, thus bringing its means of deterrence to bear on the other side, or take the initiative to start a war to achieve its political aims. The several sea conflicts that occurred in the Gulf of Sidra prior to the 1986 U.S. attack on Libya were of this nature. This often observed likelihood of confrontation at sea plays a role in reliably passing on deterrent information. Given deterrent action on the high seas "under the very nose" of the international community, a naval deterrent can more easily produce results.

Great mobility is another prominent feature of the Navy. The Navy can also stay at sea for a relatively long period of time, maintaining the state's influence in a given direction or sea area. In addition, the international character of the seas means that naval activity is not a particular object of others' attention. Therefore, the Navy can rush to a given sea area in a quick and timely manner, bringing a deterrent to bear or turning deterrent into war at any time. The Navy can also use certain open and legitimate actions to conceal its true intentions, and even start deployment, making proper preparations for various tasks, prior to a top-level policy decision. The

above characteristics give the naval deterrent a suddenness that catches people unprepared, thus strengthening its credibility. **3. The naval deterrent is a compound deterrent.** First, it is a compound of conventional deterrent and nuclear deterrent. The Navy that has conventional deterrent capabilities can also have nuclear deterrent capabilities. The strategic nuclear submarine unit of a great nation's Navy is a force setting the nuclear deterrent in action. The role of a nuclear deterrent is limited in a local army. But in the face of a general war, nuclear weapons are, after all, the trump card, and the greatest safeguard for national security. Of "three-in-one" strategic nuclear strength, land-based nuclear missiles have a survival rate of only eight percent, while sea-based nuclear missiles have a survival rate as high 90 percent. Therefore, the development of strategic nuclear strength from land to sea is an inevitable trend. The Navy will account for an ever bigger part of a state's nuclear deterrent. At present, the number of U.S. Navy submarine-launched nuclear warheads accounts for 70 percent of the total of the three services. It is 100 percent in the case of Britain. The compound of naval nuclear deterrent and conventional deterrent also finds expression in the warship capable of combat unsupported. Seventy percent of U.S. warships and almost all the Soviet Union's main warships have nuclear combat capability. Many of the planes aboard U.S. aircraft carriers can carry nuclear missiles. Second, it is a compound of the deterrent of land force, Navy, and Air Force. The Navy itself is a compound service. Its marine corps and air arm have functions similar to those of the land force and the air force.

In the navies of some big countries, these two arms represent unusually high proportions. Therefore, the modern Navy has a very strong three-dimensional comprehensive strike capacity. With a target country in mind, the Navy can destroy its fleet at sea and cut off its transportation lines. It can also send and escort the marine corps to effect a landing to enforce armed occupation. Meanwhile, it can use carrier-borne aircraft to strike along the coast at the enemy's interior. Third, it is a multipurpose deterrent compound. A fleet maneuvering in a sea area can achieve many purposes, bringing pressure to bear on the enemy, showing support for allies, forcing the expression of a clear stand from those holding an ambiguous attitude, and causing those with a less than firm stand to take a firm stand. It can have a concrete target of deterrence and also can have no concrete target of deterrence. Of the many purposes given above, the fleet can in one deterrent action tend toward one or several, or all. **4. The naval deterrent has obvious economic attributes.** This has meaning in two respects. First, a navy is the crystallization and embodiment of that country's level of economic and scientific and technical development. When a fleet "comes close," with its deterrent effect brought to bear, the target of such an effect takes into consideration not only the other's great military strength but also the other's great economic potential. The effect of the military deterrent may also be transient, and disappear with the withdrawal of the fleet. The effect of the economic deterrent, on the other hand, is lasting. It will shake the other country at a deep level. Second, the naval deterrent threatening the shipping sea lanes and the paralysis of a country's economy is liable to yield the expected results. At present, a conspicuous feature of the international economy is that various countries are economically interrelated and interdependent, permeating each other. Commitments to international economic exchanges involve chiefly international sea passage, so coastal countries cannot be separated from it. Especially for some countries and regions with developed commodity economies and special geographic features, shipping lanes are a lifeline that cannot be cut. To say nothing of being cut, just the least threat would be an unbearable disturbance. During the period of the Iran-Iraq war, Western countries had their naval strength concentrated on the Persian Gulf. This points to the importance of this passage for oil transportation. Given the ability to make such a threat and even cut shipping lanes, the naval deterrent can more easily produce an outcome such as "a victory without fighting" in handing an international crisis.

As a way of using the state's military strength, a deterrent must of course serve fundamental national interests. National interests may be summed up as: Security and development. Of the state's overall deterrent, if the nuclear deterrent is considered as being oriented toward the upholding of the state's fundamental security, then the obvious effect of the naval deterrent lies in stimulating and supporting national development, especially ocean development.

Mankind's hope is the ocean. Mankind's conflicts of interests and focus of competition in the future also lie in the ocean. A country's development and utilization of the vast deep-water sea areas as mankind's common wealth also depend on its sea development ability. This will give rise to a situation of competition, "with the survival of the fittest." Given this background, the possession of reliable naval deterrent strength will be of extremely great significance. This is also an important reason why various countries are still competing in the field of naval development, despite today's ever louder international cry for disarmament.

Defense Unit Seeks Foreign Joint Venture

HK1202030190 Beijing CHINA DAILY (BUSINESS WEEKLY SUPPLEMENT) in English 12 Feb 90 p 4

[By staff reporter Yu An]

[Text] A former secret national defence unit is seeking to develop ties with overseas counterparts, including setting up a joint-venture computer software development, CHINA DAILY has learned.

In a recent exclusive interview with BUSINESS WEEKLY, Huo Zhongwen, director of the Planning and Co-ordinating Division of the China Defence Science and Technology Information Centre, said the centre

wants to develop co-operation in the field of exchanging information, developing simulated battle models and computer software, supplying data and documents for certain technologies, publishing defence science and technology periodicals, and personnel training and exchanges.

Working under the Commission of Science, Technology and Industry for National Defence of China, the centre has already published some magazines, which will be available to foreigners.

They include the China Defence Science and Technology Report, New Technologies and Their Impact on International Security, and Military Systems Engineering, Huo said.

In the early 1980s, when China adopted its open door policy, the centre started co-operation with overseas organizations and enterprises.

Now the centre has developed regular business links with organizations in Italy, the United States, Great Britain, West Germany and Hong Kong.

Their partners include: Data Memory Systems Inc; the Arms Control and Disarmament Program of Stanford University in the U.S.; Analytic Science Corporation in the United States; E. Bazzocchi Aermacchi Co in Italy; R. O'Neill IISS London in Great Britain; and the Interavia Publishing Group in Switzerland.

Economic & Agricultural

Party, State Leaders View Economic Reform

HK0802141090 Beijing ZHONGGUO JINGJI TIZHI GAIGE in Chinese No 12, 23 Dec 89 pp 9-12

["Forum on Reform"]

[Text]

I.

China's economic situation has changed rapidly and the general trend has developed along the predetermined course. Tremendous changes have taken place in the market since improvement and rectification was introduced a year ago, soaring prices have dropped monthly, the market is relatively stable, and a change has been effected in a number of commodities from the previous demand exceeding supply to supply exceeding demand. The financial situation has improved somewhat. Last year, savings deposits dropped drastically and currencies issued increased rapidly. Following the introduction of value-guaranteed savings, urban and rural savings increased by a wide margin and the withdrawal of currency from circulation was smooth. The excessive growth in industrial production dropped.

All this has posed the following questions: What is the situation of China's economy? Is it good or bad? Is the policy of improvement and rectification correct or not and should it be continued? What is the relationship between improvement and rectification on the one hand and reform and opening up on the other? We should give correct answers to these questions.

We should have a correct and objective estimate of the current economic situation. Viewed from the above situation, it is definite that we have achieved initial results in improvement and rectification. However, we should also be aware that there are difficulties in our current economy resulting from social general demand exceeding supply and excessive distribution of national income over the years. Following the quelling of the counterrevolutionary rebellion, the economic sanctions imposed on China by some Western countries also produced an impact on our economy. Both the internal and external factors have brought difficulties to our economy. Through improvement and rectification we hope to maintain an overall balance in the national economy, ease the contradiction between general demand and supply, rationalize the economic structure, reduce the number of slow-selling products, increase the number of products in great demand, and develop the entire national economy in a sustained, steady, and coordinated manner.

The decision by the Third Plenary Session of the 13th CPC Central Committee on improving and rectifying the national economy is correct. Unswervingly implementing the policy of improving the economic environment, rectifying the economic order, and deepening reform is the only way to overcome current economic difficulties and develop the national economy in a sustained, steady, and coordinated manner.

Improvement and rectification constitute a very complicated course. Only by leading a thrifty life for some years, uniting as one, and working hard, can we tide over the difficulties. However, leaders in some localities and departments have not yet accepted this viewpoint ideologically or in practical work. Their estimate of the situation is different from that of the central authorities. They think that the situation in their locality or department is fine and promises vigorous development; everything will be all right so long as the money market is eased and more currency is issued. It is easy to issue currency but we must have ample materials to guarantee the issue of currency. Excessive distribution of national income has continued for years in China. If we issue more currency it will only intensify inflation. When we meet local leaders at the basic levels or when they come to Beijing to see us, we usually discuss two things. First, how to keep prices under control. Second, their request for more projects, investment, and money. Instead of carefully thinking how to improve the economic environment and rectify the economic order, curtail capital construction, and readjust the industrial setup, people are still trying to rush headlong into mass action. China has set the strategic objective of quadrupling GNP by the turn of the century. This will be carried out in three stages. However, if we deviate from the current improvement and rectification, which will last three years or

longer, it will be impossible for us to attain the quadrupling objective. Leaders at all levels must realize the grim economic situation and focus their attention on improvement and rectification.

II.

We must accomplish the task of improving the economic environment and rectifying the economic order within three years, including this year, or longer. The main targets of improvement and rectification are: Gradually reduce the inflation rate so that the growth in retail prices is kept below 10 percent; put an end to the state of currency issue exceeding the economy and gradually make the issue of currency in the year meet the rational demand of economic growth; strive to maintain a balance in revenue and expenditure and gradually eliminate financial deficits; maintain moderate economic growth based on attaining better economic results, improving economic quality, upgrading the scientific and technological level, and strive to attain an annual average GNP growth of 5 to 6 percent; improve the industrial setup and strive to gradually increase principal farm produce and ease the strain in energy, raw materials, and transportation; further perfect the various reform measures; and gradually establish a macrocontrol and regulation system which applies economic, administrative, and legal means and which conforms to the principle of integrating a planned economy with market regulation.

During the period of the improvement and rectification, or after fulfilling the task, it is necessary to uphold the principle of developing the economy in a sustained, steady, and coordinated manner. This is the most essential experience and lesson drawn from 40 years of economic construction. We must at all times proceed from our basic national conditions, foster the guiding ideology of developing in a sustained, steady, and coordinated manner, resolutely prevent the practice of blindly seeking excessive growth, and put attaining better economic results in first place.

While carrying out improvement and rectification it is necessary to pay attention to the following four essential links: First, continue to curtail general social demand, persist in implementing the policy of tightening finance and credit, solve the problem of excessive distribution in national income, and be determined to lead a thrifty life for several years. Second, vigorously readjust the industrial setup, increase effective supply, and enhance the staying power of economic development. It is necessary to launch an upsurge of paying attention to, supporting, and developing agriculture throughout the party and nation, make concerted efforts to develop agriculture, and ensure the steady growth of grain, cotton, and other principal farm produce. Third, earnestly rectify the economic order, continue to reorganize all kinds of companies, particularly those in the circulation field, and clear up the mess in the production, construction, circulation, and distribution fields. Fourth, launch an in-depth drive to increase production and income and practice economy, make strenuous efforts to improve enterprise operation and management, tap latent potential, upgrade the scientific and technological level, and take the economic development road of increasing output with less input and better quality and efficiency.

To ensure the sustained, steady, and coordinated development of the national economy, it is necessary to focus our attention on the long-term strategy of China's modernization program, proceed from the actual reality of the irrational industrial setup, enhance the basic industries, readjust the industrial setup, strengthen the staying power of China's economic and social development, and overcome the short-term behavior of seeking superficial prosperity. It is necessary to vigorously strengthen agriculture, energy, transport, communications, essential raw materials, and other basic industries and facilities; ensure the development of science, technology, and education; and strictly control the scope and growth of the processing industry and nonproductive projects. Hence, it is necessary to continue to curtail the scope of investment in fixed assets, strictly control the growth in consumption funds, launch a drive to increase production and practice economy, and gradually maintain a balance of finance, credit, foreign exchange, and essential materials. We must amass financial and material resources to promote agriculture and building basic industries and increase the production capacity of society as a whole. Herein lies the overall situation of our country and the fundamental interests of the people of all nationalities, which is of vital importance to the destiny of the socialist modernization program. Therefore, we must subordinate immediate, partial, personal, and collective interests to long-term, overall, and state interests.

Agriculture, particularly the steady growth in grain production, is the foundation for the development of the national economy as a whole. To develop agriculture, we should do the following properly: First, continue to deepen rural reform, implement steady rural policies, perfect various forms of the contracted responsibility system with payment linked to output, and establish and perfect the pre- and post-production service system. Meanwhile, in places where conditions permit, operations of moderate scale should be steadily promoted in light of the principle of peasants' voluntary participation. Second, spread advanced agrotechnical and scientific research achievements, organize development of agricultural zones in a planned manner, and develop new productive forces to bring about all-round development of agriculture, forestry, animal husbandry, and fishery. Third, increase state, local, collective, and peasant investment in agriculture, expand farmland capital construction, develop industry for farming purposes, improve the conditions for agricultural production, and resolutely check the practices of excessive occupation and waste of cultivated land. On the premise of strengthening agriculture, it is necessary to continue to encourage and guide the normal development of township enterprises. The township enterprises should undergo reorganization in a planned manner, rationally control their

growth, earnestly readjust their setup, and improve their operation style and management.

III.

China's economic structural reform constitutes a self-perfection of the socialist economic system. It is necessary to correctly understand and handle the relations between improvement and rectification and deepening reform. The improvement and rectification has created necessary conditions for the deepening and healthy development of reform and, in turn, it requires cooperation from reform. While concentrating forces to improve the economic environment and rectify the economic order, reform should be focused on and serve improvement and rectification. A passive attitude adopted toward improvement and rectification is tantamount to taking a passive attitude toward reform. At present, it is especially necessary to deepen and perfect reform of the enterprise contracted responsibility system, financial contracted responsibility system, financial structure, and the foreign trade contracted system. We should continue to implement the policy of opening up to the outside world, make use of foreign capital and import advanced technology, and effectively expand foreign trade and economic and technological exchanges. The basic policies for the special zones and coastal areas will remain unchanged and be perfected gradually in practice.

Our socialist economy is a planned commodity economy based on public ownership. Undoubtedly, the overcentralized and rigid planned system of the past must be reformed. Over the past 10 years, while practicing planned guidance, we gave full play to the positive role of market regulation which promoted national economic development, boosted the market, and improved the people's living standards. Naturally, if we try to weaken or totally negate the planned economy and practice a market economy in enterprises, this will not work in China and will lead to confusion in economic and social life as a whole. In the course of improving and rectifying the national economy it is necessary to put more stress on the guiding role of planning and, at the same time, consolidate and perfect the market order. We should continuously make explorations in practice and create a socialist commodity economic operation mechanism suited to China's conditions, which organically integrates a planned economy with market regulation. The extent, form, and scope of the integration of a planned economy and market regulation should be regulated and improved frequently in light of actual reality.

We should continue to uphold the principle of developing diverse economic sectors, based on the predominance of the public sector, and give full play to the useful, necessary, and complementary role of the individual and private sectors, Sino-foreign joint ventures and cooperative enterprises, and foreign-funded enterprises, to the socialist economy. The purpose of upholding this principle is to give full play to the superiority of socialism and promote China's economic development, rather than weaken or replace the dominant position of the public sector and still less "privatize" the economy. The proportion of nonpublic economic sectors in China's national economy, and their development, should be determined by the level of China's current productive forces and objective needs. We cannot simply regard the proportion as an indication of the achievements of reform. The state will support the development of the public sector in the supply of capital, credit, energy, and raw materials, and, at the same time, deepen reform of the management system in public-owned enterprises. Large and medium state-owned enterprises are the mainstay of China's socialist modernization program and the main source of state revenue. Giving full play to their backbone role will be of great significance to China's economic development. We should provide them with the necessary conditions and also encourage them to strengthen basic work, improve their operation and management, carry out technical transformation and innovation, tap latent potential, increase their self-accumulation, self-development, and self-restraint capacity and ability to assume responsibility for their profits and losses, and give full play to the leading role of the public economic sector. The government should support the development of large and medium state-owned enterprises in light of the industrial policy and actual capacity, in order of importance and urgency, and in a planned and step by step manner rather than sharing the expenses. At the present stage, the development of the individual and private economic sectors belonging to the socialist economy will be indispensible for developing social production, making things convenient for the people, and increasing employment opportunities. The practice of reform over the past decade has proved this point. Our policy is: First, encourage them to develop vigorously within the scope allowed by the state; and second, apply economic, administrative, and legal means, and strengthen management and guidance, to give full play to their positive role and restrict the negative role which is disadvantageous to development of the socialist economy.

To develop diverse economic sectors based on the predominance of the public sector it is necessary to implement diverse distribution forms based on distribution according to work. Through reform, we have made progress in establishing and perfecting such a distribution system. Under the objective of common prosperity, we advocated that some people should become well off before others through labor and lawful operation. This policy is correct and must be continued. Meanwhile, we should also be aware that there are many problems, some rather serious, in the field of distribution. On the one hand, egalitarian distribution still prevails among salaried staff members in enterprises, institutions, and party and government organs, and the tendency is further spreading to other localities, departments, and fields. On the other hand, the wide gap in incomes has led to unfair social distribution. This is mainly manifested in the wide gaps in incomes between salaried staff members, cadres, and intellectuals on the one hand and personnel in

nonproductive companies, those engaged in "second jobs," and particularly entrepreneurs and some individual laborers. This tendency has attracted extensive social attention and evoked strong discontent from the masses. Unfair social distribution is an economic, as well as a social and political, problem. It has dampened the enthusiasm of the broad ranks of staff members, cadres, and intellectuals, and encouraged the growth in consumption funds, particularly the practices of seeking exorbitant profits by means of speculation, bribery, and corruption. It has resulted in the grave consequences of disturbing the economic order, corrupting social values, and disrupting social stability. Hence, we must attach great importance to the matter and seriously resolve it. It is necessary to protect the income obtained through lawful means, regulate high incomes through taxation, ban illegal incomes, and, at the same time, gradually improve the living standards of the physical and mental laborers whose incomes are too low. At present, a considerable amount of investment in fixed assets and circulating capital have been inappropriately converted to consumption funds, seriously affecting the staying power and development of the economy. We must take resolute measures to put an end to this state of affairs.

IV.

We must make the most of our political superiority and earnestly strengthen party leadership over improvement, rectification, and in-depth reform. Party organizations at all levels should guide the broad ranks of party cadres in acquiring a correct understanding of the current economic situation, realize the favorable conditions for overcoming the difficulties, increase their confidence, and fight in unity. It is necessary to foster the idea of coordinating all the activities of a nation like the pieces in a chess game. The part should be subordinate to the whole. We should strengthen discipline, resolutely oppose decentralism, fight against corruption, earnestly improve party style, and run a clean administration. Leading cadres at all levels should take the mass line, improve their leadership style, wholeheartedly serve the people, and take the lead in resolutely struggling against all corrupt practices. It is necessary to strengthen the party's ideological and political work and continue the education and struggle of upholding the four cardinal principles and opposing bourgeois liberalization.

Article Views Legal Track of Private Economy

HK1201064190 Beijing JINGJI GUANLI in Chinese No 12 1989, pp 12-15

[Article by the Research Office of the Baoding City CPC Committee edited by Shen Ziyu (3088 1807 3342): "Include Individual and Private Economy in the Legal System As Soon As Possible—A Survey of Individual (Private) Economy in Baoding City"]

[Text] Between March and May 1989, we were entrusted by the State Council's Development Research Center to organize a relatively detailed survey of the current conditions of the individual (private) economy (with the major point on the individual economy) in Baoding city. The scope of the sample survey covered 10 industries and trades, and amounted to 8 percent of the whole. The statistics in the report were on the Baoding city area, excluding the two counties.

After the survey, we have come to the conclusion that putting the individual (private) economy onto the legal track should be one of the basic targets of improvement and rectification, and is also one of the basic measures for the national finance to evolve a benign cycle.

I General Condition of the Individual (Private) Economy in Baoding City

1. Basic condition

Since the reform and opening-up to the outside world, individual (private) economy has developed rapidly. Licenced individual units have developed from 3,000, in 1983, to 8,992 units in 1988, engaging a total number of 14,509 people; private enterprises have developed to 393 units, employing 8,793 workers, among them 5 units were known to own assets of over 1 million yuan each. In the service trades of passenger transport, restaurants, meat products and vegetables, the proportion occupied by the individual economy has exceeded that of the whole people and collective economy.

Table 1: Proportion of individual (private) economy in the various industries and trades

	Annual business volume of individual (private) economy (unit 10,000)	City's total business volume (unit 10,000)	Ratio of individual (private) economy (percent)
General Merchandise	12,458 yuan	68,616 yuan	18.16
Tobacco, wine	1,440 yuan	9,733.5 yuan	14.79
Meat	5,724 yuan	9,400 yuan	60.63
Eatery	4,817 yuan	7,713 yuan	57
Vegetables	3,492 yuan	6,640.2 yuan	52.58
Transport			66.8

Footnote: Computation of transport trade based on passenger volume

2. Tax burden of individual (private) economy.

In this survey, we not only computed the average monthly actual tax payment condition of each and every individual (private) unit, but also introduced the concept of "ratio of tax payment against business volume" (that is ratio of actual payment of various taxes against the business volume—including the sum total of payment of circulation tax, income tax, vehicle and boat levies, and so forth so as to find the tax burden of the individual (private) units.

Table 2: Tax burden of individual (private) units

	Tax ratio of business volume of individual (private) units	Average monthly tax payment of each licenced individual (private) unit
General merchandise	0.54 percent	
Eatery trade	3.12 percent	73.6 yuan
Tobacco & wine trade	0.79 percent	

Notes: 1. Individual (private) units refer to those withlicences.
2. Business volumes of individual (private) units areestimated values of the survey; in computing the taxratios of the individual general merchandise andtobacco & wine trades. Taxes deducted at thewholesale stage not included.

The main reasons for the low ratios of tax payments against the business volumes are due to concealment of the actual volume of business done and actual business earnings.

II. Condition and analysis of receipts of individual (private) economy

1. Comparison of the income of the individual (private) operator and whole-people staff members and workers.

Table 3: Comparison of incomes of individual (private) operators and whole people staff members and workers

	Item	General merchandise	Tobacco & wine	Meat	Eatery	Transport	Vegetables	Refund	Building	Culture
Monthly net income (yuan)	Individual	950	760	839	1015	1293	560	1041	1000	92
	Whole People			158						

According to an estimate made in the survey, in the whole city the average annual income of each unit in the individual (private) economy in 1988 was 10,000 yuan. But due to such factors as the units being jointly-run or run by a husband and wife, the number of individual (private) operators was larger than the number of units. It is estimated that on the average, each unit had 1.25 individual (private enterprise) operators. Thus, the annual income of each individual (private enterprise) operator was 8,000 yuan, equivalent to 420 percent of the income of the whole people staff members or workers thus the expressed opinions in various social circles complaining that the income in the individual (private) economy is too high, and the injustice in social distribution, are not without foundation.

2. Analysis of the causes of the high incomes in the individual economy.

(1) A high degree of interest-driven positivism. Since all earnings from operations belongs to the indivdual unit, this greatly stimulates zeal for work: First, the labor time is extended and prolonged, with the usual working hours being around 10 hours a day and sometimes extended to 12 hours. Second, labor intensity is augmented. Individual operators usually serve as salesmen, make all the purchases, and serve as staff members and workers, all of which increases the intensity of labor. Third, good service attitude, smiling faces, affability in conversation and always obliging to the customers. Fourth, they are usually a one-man show with the whole family cooperating. This is a general phenomenon.

(2) A highly flexible operational mechanism. First, quick reaction to market demands, rapid decisionmaking, extreme promptness in readjusting product varieties. Each and every individual unit is always watching the market, grasping market conditions, and forever ready to seize opportunities. Second, flexible and elastic operations. Basically, the state places no limitations on the prices charged by the individual operators, this provides them with a good opportunity. Their profit rate on highly marketable goods can come up to 100 percent and sometimes to even over 200 percent. Regarding out-of-season commodities, they are at liberty to sell them at cut prices. They are free to initiatively give preferential treatment to big clients, which is in marked contrast to the phenomena in state-run stores of having the prices clearly marked without compromise even if the difference is only one cent. Business hours are changeable according to the slack or busy season and to the demand of the customers. They can be freely readjusted; longer or shorter as the occasion demands.

(3) Under-development of the tertiary industry and the relative insufficiency in the commercial service trades, are the basic facts causing the high income of individual units. Prior to 1980, in Baoding city there were only 6 service network points per every 1,000 people. This was far behind public demand. Since the reform and opening to the outside world, individual units have been the first to fill in the gaps and hence, able to reap substantial profits during a rather prolonged period.

(4) Indirect benefits from the currency inflation. Due to the bank interest rate being lower than the currency inflation rate—which causes devaluation in cash and in bank deposits—the goods currently in the hands of the

individual units do not profer the problem of devaluation. This avoids losses and in fact implies gains to the individual units compared to the ordinary populace. Besides, currency inflation usually brings along a storm of panic buying. This helps the individual units to dispose of their goods in stock, and in part removes their chances of losses due to operation risks.

(5) Getting rich illegally is an important cause of the high income of individual units. First, they engage in industries and trades prohibited by the state such as smuggling and traffic king in narcotics; printing reactionary and pornographic books, and making video products. Second, evading taxes, the principal measures being concealing or falsely reporting the business volume and the amount of profit earnings. It is estimated that in the whole city, 90 percent of the individual units engaged in tax evasion. Third, transactions between power and money, thereby reaping huge monetary gains. While buying or selling goods, many individual units practiced various forms of bribery and giving illegal discounts or refunds, some of which have become open secrets. Fourth, rashly raising commodity prices. The individual units practically have no concept of price control. They have been inclined to raise the prices as high as possible, and their selling prices are sometimes as high as one or two times their inward purchasing prices. Such conditions are especially prevalent and prominent among the apparel trade and the petty general merchandise dealers. Fifth, offering false goods in place of real goods, cheating in weight, using sub-standard goods in place of standard goods, changing the brands of goods, and generally cheating the customers. Sixth, certain individual units in retrieving materials, have become depots for the disposal of the stolen goods of criminals and they derive huge, illegitimate profits therefrom.

3. Standard for fixing the rational income of individual economy.

After having analyzed the causes of the high income of individual units, out of policy considerations, we should still determine a quantitative standard for their rational income.

In discussing the rational income of individual economy, we should take the average income of existing staff members and workers as the base or standard, and then rationally analyze the various differences between them and find the correct answers. First, in respect of labor time and labor intensity, those of individual economy are about 20 percent higher than the existing staff members and workers. Second, the existing standard of the medical care insurance and retirement pension or insurance of the existing staff members and workers respectively, amounts to 18 percent and 17 percent of the basic salaries and wages, the total being equivalent to about 20 percent of the gross income of the staff members and workers. Third, as for housing, if it is assumed that during their tenure of employment each staff member or worker can have a set of two-room living quarters worth, say about 30,000 yuan, and that the length of service of the staff members averages 30 years each, then the average per month will be 40 yuan, or roughly 25 percent of the gross income of the staff members or workers. Fourth, income from risks, say about 15 percent of the income of the staff members or workers. Summing up all the above items, it is found that the rational economic income of the individual economy units should roughly be equivalent to 200 percent of the average income of the existing staff members and workers. Calculated on the basis of the 1988 annual average income of a staff member or worker in Baoding city being 1,800 yuan, it should be about 3,500 yuan. But according to this survey in 1988, the annual average income of the individual (private enterprises) operators was in general about 8,000 yuan, being 420 percent of the average income of the existing staff members or workers, which was in excess of the rational income.

1. Incorrectness in statistical figures; ineffective statistical supervision.

Following the survey we have found that there had been a serious condition of incorrect statistical figures concerning the existing individual (private) economy, and ineffective statistical supervision. Due to the current statistical organization, statistical form, and statistical measures or methods not being suited to the development of the situation, in the state's statistics on the individual (private) economy, aside from the portion reported by industrial and commercial bureaus on licenced merchants and peddlers being relatively correct, the remaining portions on the business volume, profits and self-owned assets are seriously incorrect. According to our own estimates, the business volume reported by the individual units differed from actual by 100 to 200 percent, while the net receipts reported were about only 30 percent of the actual. The following table is a comparison of the figures in the hands of the State Industrial and Commercial Bureau on the monthly average net incomes of individual economy in Yingkou city, with those in Baoding city found in the current survey.

Table 4

	Transport	Restaurants	Commercial trade	Service trade	Unit Average
Yingkou City (figures from the State Industrial and Commercial General Bureau)	439	384	294	273	358.6
Baoding City (figures found in the current survey)	1293	1015	950	—	1000
Discrepancy (percent)	294	270	323	—	280

According to figures handled by the Hebei Provincial Statistical Bureau, in 1988, in the whole province the number of private enterprises did not exceed 20,000 units. But the survey made by the Baoding City CPC Committee, showed that in the Baoding area alone, in 1988, the number of private enterprises was already 9,797 units and their output value made up of 48 percent of the gross output value of the town and township enterprises in the whole Baoding area. As a result of the statistical figures being incorrect, it has caused the state to make an erroneous assessment of the development of individual (private) economy, and thereby fail to take effective measures on time to earnestly bring them under control. The result was that the individual (private) economy made a great inroads into the economy of the public ownership system.

2. "Black funnel" in financial receipts

Due to statistical supervision being ineffective, nobody had any idea of exactly how much money the individual (private) economy had made. Through discoveries from the survey, it has been found that individual (private) economy had been the "black funnel" of the finances of the state and that a large amount of funds which should have been receipts of the state's treasury had been lost there. Let us perhaps make certain calculations. In the Baoding district, starting from 1983 and up to 1988, the number of private enterprises had grown to 9797 units. Self-owned (owned by the owners of the enterprises) assets amounted to 1.5 billion yuan. There are 20 counties in the Baoding district. Their economies belong to the medium-level developed areas in the whole country. Computed on this basis, since there are 2,000 counties in the country, the aggregate assets of their private enterprises should amount to 150 billion yuan, but let us say about 75 billion yuan. In the Baoding district, since 1983, roughly 200 million yuan of wealth has been accumulated. There are roughly 10,000 individual untis in Baoding city while in all the cities and towns in the country the number of individual units is roughly 3.8 million. Computed on this basis, in the six years from 1983 the accumulated wealth of the individual units of all the cities and towns of the whole country should be about 76 billion yuan. In addition, in the rural villages in the country the number of individual units up to 1988 was 14 million units (including merchants and peddlars without licence). If on the average each unit accumulated each year wealth at 1,200 yuan, the aggregate wealth accumulation should amount to 100 billion yuan. This being the case, in the past 6 years the individual (private) economy in the whole country accumulated wealth amounting to 250 billion yuan, equivalent to the sum total of the financial deficits since 1980 and loans from foreign countries, and also equivalent to the total national revenue in 1988. If say 50 percent of this amount were absorbed in the form of taxes, then on the average each year, the missing taxation receipts were over 20 billion yuan. Such a huge black funnel in the financial revenues of the state was precisely one of the basic maladies of the national finance.

3. Analysis of the causes of evasion of taxes

First, causes arising from the controlling structure: 1) The taxation control structure is not well-knitted enough; and 2) in the tax organs lack of structure of personnel to study and asses the business volume and income of individual (private) economy. Second, loopholes in policy: Certain individual units used the banner of collective enterprises to enjoy the tax-exemption privilege. For example, the policy stipulates that construction units doing construction work in a locality should pay the income tax in its original place of abode but in reality there was no way to collect the tax, thereby causing a large amount of losses in tax collection. Third, the tax collecting units are not rigid enough. The social ill behavior of power in exchange of money has affected the work of the tax-collecting units, causing a portion of the losses of the tax origin. The present taxation system calls for fixing the amount of tax to be collected and actual collection work to be handled by the same tax collector and this has added to the defects. Fourth, in work, the 8-hour work system is enforced and this is an important condition for the units without licences to evade taxes. Fifth, the tax collection forces are small and dispersed. A tax collector and administrator has to attend to over the hundred tax-paying units and is hardly equal to the task. Furthermore, the tax volume of individual units occupies but a small portion of the tax receipts of a tax-collecting bureau, and hence leadership at the grassroots level collecting units often concentrate their attention on the larger portions of tax sources such as enterprises of the whole people and collective enterprises. Sixth, a small number of individual units actually refuse to pay taxes and the government units concerned do not press the issue firmly enough.

4. "Exemplary effects" of individual (private) economy causing social psychological imbalance.

These "exemplary effects" include contents on two sides: First, influences of the getting-rich procedure itself. Due to the non-stringent control, a small portion of people became well off not from labor, but from speculation, and at the expense of the state. More importantly, the prevalent phenomenon is that in the individual (private) economy serious tax evasion activities exists, while another important phenomenon is that in the individual (private) economy's getting well off "the bolder the illegal acts the larger the illegitimate gains." This has had exceedingly perilous effects on society in general. Second, after the individual (private) units have become well-off and formed a social stratu by themselves, the wealth of a portion of people in the stratum has begun to produce effects on society as a whole. On the one hand, vicious social phenomena such as prostitution, superstition and gambling, all closely related to the private economy, begin to run amuck and seriously poison the social atmosphere; on the other hand, a small portion of individual units who have become immensely rich and owners of private enterprises, in order to protect their economic interests, have begun to seek political backing, expressed their strong demands on socio-political life, and spared no efforts to grasp political capital. This

inevitably brings about the serious danger of merging political power at the grassroots level with money.

Summing up the above, it may be said that the problem of the existence of individual (private) economy is a large and important one concerning stopping up the financial loopholes, purifying the social atmosphere, and ensuring the smooth progress of the reform and opening to the outside world. Hence, we believe that strengthening the control of, and putting's individual (private) economy onto the legal track, should be one of the fundamental objectives of the improvement and rectification.

IV. Recommendations on Strengthening Control Over the Individual (Private) Economy.

Despite the existence of the problems mentioned above, it does not imply that a restrictive attitude should be adopted against the individual economy. In our opinion, seen from the actual conditions in Baoding city, the individual economy still has the requirements and potentials for further great improvement. We need only to carry out the necessary restrictions on certain industries and trades, and adopt control measures over the private economy. The problem lies in putting the individual (private) economy onto the legal track controlling the income of individual (private) economy within a rational scope, and thoroughly changing the current state of law-violation and lack of order. The intense characteristic of chasing after benefits on the part of the individual (private) economy determines that a small portion of its operators are after high profits, inevitably devoting utmost efforts to finding chances and opportunities, and are customarily inclined to evade taxes. This in turn determines that there will be a long-term struggle between improvement and counter-improvement, and between legitimate and illetimate tax evasion. We must therefore make a long-term plan and should not expect to succeed at one stroke. Hence, we recommend:

1. Establishment of a special structure and strengthening control. At present, the pattern of the controlling structure over individual (private) economy makes the departments concerned act according to the interests and regulations of their own units; disperses the strength of control; cannot form joint efforts; and lowers the control effects. Moreover, in the form of management, the practice of remaining unchanged to meet constant changes, being ossified as against being flexible, and employing the form of controlling economic structures under the public ownership system likewise on management of the individual (private) economy are all unsuited to the circumstances.

Against the current defects, we should follow the principles of strengthening tax collection, fully and rationally utilizing the existing controlling forces to carry out social comprehensive rectification and improvement, as well as retrenchment and the seeking of effects, and establish a city controlling bureau over the individual (private) economy and thus enforcing overall control.

The controlling bureau over the individual (private) economy should practice the elastic working system to suit the flexible operations of the individual (private) economy. The control should extend to every nook and corner, and day and night, and there must be no "dead angle." The present various kinds of taxes collected from the individual (private) economy by various sectors of society should be collected in a unified manner by the controlling bureau, and outsiders must be exclused. Formation of such a controlling body is related to the two big systems of industry and commerce, and taxation. Local governments can hardly do any policymaking in this connection and the relevant departments of the state should promptly study and make the necessary decisions.

2. Further opening up the market, promoting competition, and lowering the average profit level. For sometime from now on, the pressure force of unemployment will be rather heavy in our country. In this context, employment in the individual economy will still be very necessary. Hence, further opening up the market in the circulation sector (principally retail sales by individuals), cannot only reduce the pressure force of employment on the government, but also at the same time, lower the average profit rate in the individual economy. This, after all, will be an effective channel to readjust the income of the individual units.

Article Considers Per Capita GNP

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[Article by Yu Quanyu (0827 2938 1008) and Li Xiaogang (2621 2556 1511): "Analyzing 'Per Capita GNP at 300 U.S. Dollars'"]

[Text] In recent years, some newspapers and journals deliberately publicized that per capita gross national product (GNP) in our country remained at only $300, and said according to this the gap between our country and Western countries has become bigger during the 10-year period of reform. Some people were frustrated by this and sighed saying that "China is always poor." The people advocating bourgeois liberalization used this to confuse people, saying that there is no outlet for socialism, and that only capitalism is good for China.

This is the country's basic issue, which must be discussed. But this is a difficult topic, because it involves complicated comparisons between countries. In this article, we will talk about our viewpoint, for the sake of soliciting better opinions.

The Obvious Contradictions in the World Bank Report

As far as we understand, the claim about "$300" came from the World Bank.

Each year, the World Bank has to publish the "Report on World Development" and the "Collection of World Bank Graphs and Charts." According to their reports announced over the years, our country's per capita GNP is as follows:

1980:	$290
1981:	$300
1982:	$310
1983:	$300
1984:	$310
1985:	$310
1986:	$300
1987:	$290
1988:	Figures not available

However, if we take a serious look at the statistical charts provided by the World Bank, we will discover an obvious contradiction contained in them: According to the absolute value, our country's per capita GNP hovered at the level of $300, and no progress has been made, but according to the "actual growth rate" in the charts, our country has the most rapid growth rate of per capita GNP. Each year, the World Bank's report said: "China's economy keeps a rapid growth."

Take the 1986 World Bank's report as an example. It reported that China's per capita GNP in 1983 was $300, and in 1984, $310, but it also said that the actual growth rate of per capita GNP was 12.7 percent, which ranked China first among 127 countries and districts. If the figure really increased from $300 to $310, the growth rate would have been 3.3 percent. If the actual growth rate was 12.7 percent, then in 1988 the per capita GNP should be $338, not $310.

As we were writing this article, we received the "Collection of World Bank Graphs and Charts," (English version) which was published in the United States in mid-December 1989. It claims: From 1980 to 1988, on the average, the annual actual growth rate of per capita GNP in the United States was 3.1 percent; in Japan, 4 percent; in China, 9.2 percent, and China was the country with the highest growth rate in the world.

If according to a calculation based on an annual growth of 9.2 percent, then our country's per capita GNP should be $537 in 1987, and $586 in 1988, which completely contradicts the figures announced by the World Bank.

However, the figure of $290 as our country's per capita GNP in 1980 given by the World Bank is something which we can look into. At that moment, many economic experts inside and outside of the country thought that in 1980 the per capita GNP in our country was $250. Therefore we formulated the plan to quadruple the GNP in 20 years, setting the goal of per capita GNP of $800 (deducting the factor of population growth) to be realized in 2000. If we take the per capita GNP of $250 in 1980 as the base, and calculate on the basis of an annual growth of 9.2 percent, then in 1986 it should be $424; in 1987, $463; in 1988, $505, far surpassing the figures announced by the World Bank.

The First Problem Is a Deviated Foreign Exchange Rate

Why is the contradiction so big? Has the World Bank intentionally played down our country? Or is it because of their ignorance of simple mathematics. Not really.

According to what we perceive, the problem first asserts itself as a deviation in the foreign exchange rate.

When the World Bank takes statistics of "per capita GNP" for various countries, it looks at the domestic market prices of the year, and converts them into U.S. dollars according to the "average of the official exchange rate in the past 3 years," while the "actual growth rate" is calculated on the basis of constant price. From 1980 through 1987, the exchange rate of U.S. dollar against the renminbi has been adjusted considerably each year, from $1 to 1.53 yuan (the middle rate at the end of the year [nian mo zhong jian jia 1628 2608 0022 7035 0116], the following use the same process), to 1.75 yuan, to 1.92 yuan, to 1.98 yuan, to 2.80 yuan, to 3.20 yuan, and to 3.72 yuan [number of figures as published]. Because renminbi depreciated year after year against the U.S. dollar, therefore, even though our country's per capita GNP scored a rapid growth of an average of 9.2 percent annually, in the statistical charts provided by the World Bank, it hovered at the level of $300.

Certainly, in the period of 1980-1987, the consumption price index in our country increased by 34.8 percent, and the purchasing power of renminbi inside the country really decreased. But in the same period, the consumption price index in the United States increased by 37.9 percent, and the purchasing power of the U.S. dollar inside the United States decreased more than renminbi decreased in our country. The U.S. dollar depreciated more in value against the Japanese yen. In 1980, $1 changed for 203 yen; in 1987, only 123.5 yen could be changed (these are all yearend averaged prices).

Regarding actual purchasing power, is it really true that the renminbi depreciated that much against U.S. dollar and that the U.S. dollar depreciated that much against the yen? Not really.

The exchange rate between the two currencies does not completely reflect the difference in purchasing power of the two currencies. An exchange rate is mainly determined by the supply and demand relationship between countries and by the situation of imports and exports. Generally speaking, the country with an unfavorable balance of foreign trade will have its currency depreciated, so as to encourage exports by depreciation, while the country with a favorable balance of foreign trade will be forced to appreciate its currency. The country having urgent demand for foreign commodities and technologies can only buy them through selling the country's

products at a low price, and this will activate depreciation of the country's currency against foreign currencies. This kind of deviation in exchange rate is generally existing. After the Japanese yen appreciated, the per capita GNP in Japan calculated on the basis of U.S. dollar surpasses that of the United States, but the Japanese people admit themselves that the income earned by the Japanese is only 70 to 80 percent of that earned by the Americans.

Some people say, the price of U.S. dollar in our country's black market is much higher than the official price, and, calculated on the basis of the exchange rate in the black market, our country's per capita GNP is much lower. Yes. That is the case. But the deviation in exchange rate in the black market is much larger.

For example, a video player costs about $300 abroad last year. Because our country could not produce video players in large number, while the quality could not be compared with that of the foreign countries, last year each imported video player in our country's market sold at 4,000 yuan. Just take a video player for calculation, the difference between the purchasing power of U.S. dollar and that of renminbi is more than 10 to 1. At that moment, some "profiteering grandfather" in Beijing purchased U.S. dollars with a high price of 8 yuan to $1, then proceeded to shops which accepted only foreign exchange or went to foreign countries to procure video players for resale, and they could still earn big money. Thus, the price of U.S. dollar in the black market was pushed to an extraordinary high level.

If we compare food, clothing, housing, medicine, haircuts and movies, the situation is just the opposite. A movie ticket in the United States costs $20 to $30 [as published], while the same U.S. movie after translation costs less than one yuan in the high-class cinemas in our country. If we take just a movie ticket for calculation, then one yuan equals $20. Because the general public in the United States do not have to change to renminbi to watch movies in China, therefore the "difference in purchasing power" in this respect will not be reflected in the exchange rate. This amount of "income from the box office" on the other hand has increased the GNP in the United States.

Some people in our country blindly pursue the imported consumer goods such as foreign cigarettes and foreign wines, and they helped to push the U.S. dollar up. All the smokers know that it is difficult to find a cigarette of foreign brand with a better quality than the cigarettes of famous brands produced in Yunnan in our country. But for a very long period, "smoking a foreign cigarette looks lavish," and the price of foreign cigarettes was pushed to a level several times the price of the cigarettes of the famous brands produced in Yunnan. This is a waste of the hard-earned foreign currency, and pushes up the price of the U.S. dollar in the black market, as well as let the smugglers and the persons engaged in profiteering to gain undue profits. The rapid price increase of the U.S. dollar in the black market will push up foreign exchange prices.

There Are Too Many Incomparable Factors

In recent years, among the Westerners who arrived in the urban and rural areas in our country for sightseeing and inspection, almost none of them believed that China's per capita GNP was only $300. They would not believe either, even if the figure was said to be $500. They thought that our country's economic and cultural attainment and the quality of life enjoyed by our people were higher than the countries with per capita GNP of $500.

Why do we have this situation? Other than deviation in exchange rate, there are many factors.

The GNP proposed by the World Bank means the sum of value of production and service by a country's citizenry inside and outside of that country.

All the Western countries export capital and have huge amount of investment in foreign countries (especially in the Third World countries), to earn profits and interest. Our country has very little investment in foreign countries, and although the growth of labor export is rapid, the total income is not much.

Service is a major item in GNP; it includes education, scientific research, medicine, lawsuit, consultation, interests, and rent, etc. The activities of state functionary, army and police are also counted as service, and the wages involved are counted in when calculating GNP. Our country is a country with low wages but good welfare; the wage envelope does not contain much, but many other cash incomes and real benefits are not contained in the wage envelope, and this has pulled down our country's GNP. The number of our country's state functionaries, soldiers and policemen is much smaller than that of the West if calculated on the proportion of population; it does not amount to 50 percent of the figure in the West, and our country's wages are low, therefore our GNP has been pulled down.

Many of our country's services belong to a welfare character, and are subsidized by the state's finance, therefore, our prices often contradict with prices in the West. The largest expenditures of the Westerners are taxes (in the United States, the rate of individual income tax is around 30 percent) and rent, which accounts for 20-30 percent of the income. In our country, rent accounts for only one percent of the family income. Tuition in foreign countries is very expensive, especially university tuition, but in our country tuition is basically symbolic. Whereas rent and tuition are all counted in when the GNP is calculated.

The prices of grain and meat in our country do not differ very much from that in the West. For processed foods, particularly those eaten in restaurants, prices differ greatly. The Westerners like to buy finished foods to eat

(this reflects that their living standard and service standard are higher than ours), and this also enhances their GNP.

Service industry in the Western countries are well developed, and many family chores have been socialized. This kind of socialized service industry has also been counted in when the GNP is taken. The level of socialized service for family chores in our country is very low, and a huge quantity of family chores cannot be counted in when the GNP is calculated.

The doctors will collect consultation fees, the solicitors will collect solicitors' fees, and the consultation companies will collect consultation fees; all these will be counted in when the GNP is calculated. In our country, a doctor collects one to three jiao for each diagnosis, but in the West, $20 or $30, and the difference is more than 100 times. The solicitors in our country collect a small fee for helping in a lawsuit, and the amount added up in the whole country is also minimal. In foreign countries, solicitors' fees and lawsuit charges are a huge amount of money, and these have increased the GNP in the West.

The "U.N. Monthly Bulletin of Statistics" published in March 1988 contained an analysis on the sectoral constituents of GNP in various countries; there was a column termed as "other" in the statistical chart. This so-called "other" refers to incomes from other than industry, agriculture, architecture, commerce, transport, telecommunications and posts. This "other" in the United States and France accounted for 45 percent of their domestic parts of GNP; in Japan, 37 percent; in England, 47 percent; and in Canada, 50 percent, which was the highest. We do not see the sectoral constituents for China in the chart, but we all know that this "other" accounted for a very small proportion of the domestic part of GNP in our country. Certainly, this reflects the underdevelopment of our country's service industry and third industry, but it also reflects that there are many incomparable elements between the GNP in the Western countries and the GNP in our country.

It Is Better To Discuss the Two Respects

Among the Westerners with whom we have contact, some said that our country's per capita GNP had surpassed $1,000. That we think is an exaggeration.

We have learned from discussions with them that they made such judgment according to the quality of life enjoyed by the general public in our country—food, clothing, housing, and services—as well as according to the healthy and happy look of our people. According to the statistics provided by the World Bank, life expectance for Chinese people ranks high at 45th in the world while infant mortality rate ranks low at 46th. The child mortality rate for children of one to four years old ranks China at 36th. These few indexes indicate that our country has surpassed the average level attained by "countries with middle and high income."

Friends from the West praised the quality of life enjoyed by the people in our country, but they often neglected a basic factor: Our country is a socialist country, and it has prevented polarization; the difference between the rich and the poor is very small, therefore it is able to let the people in the whole country enjoy a comparatively high quality of life, under the condition of comparatively low GNP (the quality of life enjoyed by the people in our country ranks 70th in the world). This is the strong point of socialism. If our country practices capitalism, given that the GNP is the same, it is likely several tens of millions of people will live a poor and miserable life.

Is the claim about "$300" correct? We have mentioned that this is a difficult topic. Here, this difficult topic has not yet been solved, it is because assessment of economic attainment for various countries is one of the internationally acknowledged difficult topics. The World Bank's "Report on World Development in 1988" said: "The World Bank recognizes that it is impossible to make completely comparable the estimates of per capita GNP for various countries."

We hold that since the "$300" proposed by the World Bank is reached through a conventional computing method, and since particular explanation and elaboration have been given, we do not have to bother it, but we must understand it. The most important thing is that the World Bank thinks that the actual growth rate of our country's per capita GNP has maintained 9.2 percent growth annually. In a long-distance race, we do not fear lagging behind; so long as we have good speed and staying power, we have hope.

In the 10-year period of reform, the speed of economic growth in our country is something rarely seen among the world's other countries, and the economic gap between our country and the Western countries is gradually narrowing. We have no reasons to be pessimistic or feel frustrated.

Even so, because our country has a weak foundation and large population, at present, the economic gap between our country and the Western countries is rather big. We should work harder, and through reform and opening up to better develop the strong points of socialism, and to catch up.

Increased Lending to Buyers Urged

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[Article by Yang Lu (2799 7627): "Lending Should be Increased to Nonindustrial Buyers in Easing the Capital Strain Facing Industry"]

[Text] [Editor's note] How to ease the situation of short supply of funds, how to protect the production capacity, which is providing effective supply from being affected, and how to thus ensure a stable production development? At present, these are important problems that have to be urgently solved. The writer holds the view of

increasing lending to nonindustrial buyers, i.e. to the circulation realm. He considers that increasing lending to some key enterprises can help them solve their immediate problems. However, in the long run, lending money to the sellers of products cannot help enterprises to sell products made by them. This practice cannot solve the current problem of overstock, but will cause further overstock. Moreover, the phenomena such as being delayed in repaying loans, requesting advance payment before delivery, and others, which will cause problems in the circulation of funds and products, also cannot be fundamentally solved by this practice. The writer holds the viewpoint that in order to solve the problem of tight supply of funds and the problem of having a weak market, we should proceed from the point of getting money from selling products, i.e. to increase lending to the end users of the products—the buyers, and the wholesalers (including goods and materials supply departments), which can play the role of being a reservoir in this aspect. Moreover, special low-interest loans should also be issued to wholesalers to finance the keeping of their stocks, which are for supporting production, for a long period of time. At the same time, time limit should be fixed for enterprises to repay their overdue loans. One of the advantages of this practice is that it can enable normal circulation of working capital, can fundamentally invigorate the industrial enterprises responsible for ensuring effective supply, and can also prevent further overstock. China's economy is a planned commodity economy. Only when commodities are sold can reproduction be ensured. The practice of selling products to get money conforms with this law. [end editor's note]

Preliminary results have been achieved over the past year since the policy of improving the economic environment and rectifying the economic order has been implemented. The situation of a weak market emerged in the second half of 1989, and some comrades suggested increasing the money supply to improve this situation. I do not think the problem is so simple. We should first make clear the situation and the nature of the emergence of a weak market. The current problem of a weak market does not affect all areas or almost all areas, and is not a fundamental problem, but is a partial and structural one. The basic situation is: In the aspect of consumption materials, there in general does not exist the problem of overstock and sluggish sale of food, fuels, medicine, magazines and newspapers, service items, medium and low-priced clothing items, recreational items, and others, which contribute to an absolute great proportion of people's consumption. The supply of the commodities relating to grain, cotton, oil, sugar, and tobacco is rather tight. However, since the amount of some of the daily necessities, which people were eager to buy in 1988, have not been consumed, the selling of these goods have thus temporarily become sluggish. For some expensive consumption goods such as electrical home appliances, woolen and textile products, and so on, there exists the problem of sluggish sale and overstock. This is a result of the rapid development of these industries in the past and the temporary saturation of the market of these goods, and is caused by the reason that consumers have been waiting for the price of these goods to fall. In the aspect of the means of production, the problems of sluggish sale and overstock only exist in the market of electrical equipment and machinery. This is partly due to the fact that these industries had developed too fast in the past and a situation of temporary market saturation has thus emerged. However, such a situation is mainly brought about by the reason that the funds required by the approved basic construction projects and technological renovation projects have not been supplied in time, and is not due to the reason that there is no market for these goods. The stock of the three main construction materials—cement, steel and timber, which had always been declining over a long period of time, has increased slightly. The already high market price of these materials has decreased. Except for some types of cement, which have high price but poor quality, the problems of sluggish sale and overstock do not exist in the market of these three main construction materials. In 1990, when most of the debts have to be repaid, the import of the means of production such as steel, timber, and others will be reduced, and there will not exist the problems of sluggish sale and overstock of these items. From these we can see that the current problem of a weak market is only a partial and structural problem. The weak market of some commodities is brought about by the reason that we have not done our work properly. For commodities which market has been restricted, we should study and find out ways to increase the sales of them. The weak market of other commodities results from the situation of market saturation of these commodities, which is caused by rapid development of these industries in the past. This is exactly the goal of the policy of improving the economic environment and rectifying the economic order. Feasible and planned guidance should be given in the course of competition where the market mechanism is playing a role to enable and to drive enterprises, which are producing products that should really be eliminated through competition, to shut down, to suspend operation, to amalgamate with others, or to switch to the manufacturing of other products . This is the intention of the policy of transforming the product mix and the industrial structure. The situation of these two categories of commodities, and the measures that should be adopted will be discussed in the following paragraphs.

Market Should be Developed for Marketable Commodities by Increasing Lending to Nonindustrial Buyers

Since the implementation of the policy of tightening financial credits and cutting down the scale of basic construction, the implementation of guarantee measures and suppression measures has been put forward. Under the situation where the aggregate supply of credits was being tightened, the amount of loans issued to large and medium-sized industrial enterprises was increased in four occasions in 1989 to invigorate the circulation of funds. However, large and medium-sized enterprises have not been invigorated. In the fourth quarter of that

year, it was planned to substantially increase the amount of loans to be issued to enterprises to ensure effective supply and the old method was used, i.e. to enlarge the planned regional loan index. We should give careful consideration to the point whether the policy of readjusting the industrial structure can be thoroughly implemented by increasing lending in the short run. The current issue we should probe is how to better ensure the production capacity of effective supply will not be affected, but will be developed smoothly to readjust the industrial structure.

The current practice of increasing lending to key enterprises focuses only on the sellers of products. In the short run, this practice can solve the immediate problems of some enterprise, and is an emergency measure. However, in the long run, this practice cannot achieve the target of selling products at the time when they are ready for sale. Therefore, it cannot solve the current problem of overstock and will cause further overstock. Moreover, the phenomena of being delayed in repaying loans, requesting advance payment before delivery of goods, having insufficient funds for circulation, and the phenomena affecting commodity circulation will not be fundamentally eliminated. In my opinion, the way to solve the problem of having a weak market of industrial products is to proceed from the practice of getting money by selling products. That is, to increase lending to the end users of the products of factories, and the wholesalers (including goods and materials departments), which can play the role of being a reservoir in this aspect. Moreover, special low-interest loans should be issued to wholesalers to finance the keeping of their stocks, which are for supporting production, for a long period of time. At the same time, time limits should be fixed for enterprises to repay their overdue loans. One of the advantages of this practice is that it can enable normal circulation of working capital, can fundamentally invigorate industrial enterprises which are providing effective supply, and can at the same time prevent further overstock of products. China's economy is a planned commodity economy. Only when commodities are sold can reproduction be ensured. The practice of selling products to get money conforms with this law. Therefore, this is the most effective measure for invigorating the commodity economy, and the side-effects that will be brought by this measure will be minimum. Four different situations and measures will be discussed in the following paragraphs.

First, commodities that will form fixed assets and are produced by industrial means of production. There are five main sources of funds that can finance basic construction projects and technological renovation projects: Financial allocation, bank loans, key construction debentures, funds raised from society, and funds owned by enterprises. Since the implementation of the policy of tightening financial credits in the fourth quarter of 1988, the funds to be supplied through these sources have not been supplied in time. Consequently, a situation where money could not be paid upon delivery of electrical equipment and machinery and construction materials, or a situation where these goods could not be delivered because of shortages of funds, and such goods had to be kept in the factory as stocks have resulted. When heavy industrial enterprises cannot get the payment for the overdue bills for the products they delivered, or when their products cannot be delivered due to the fact that their buyers cannot have the money to buy, they will thus have the problem of having insufficient working capital. Therefore, they will thus be unable to pay for the materials they need, or they will thus have no money to buy the goods they need. When production enterprises and enterprises handling raw materials cannot pay for the goods supplied to them by other enterprises, or when they have no money to buy the goods they need, a triangular chain of debt is thus formed. For basic construction projects and technological renovation projects that have been approved to launch according to the capacity of the country, the most effective ways to practice economy is to ensure the supply of funds, materials, and equipment to shorten the time period required for completing the projects, and to start production as soon as the projects are completed. For projects which have not secured sufficient supply of funds, materials, and equipment, the most effective way to practice economy is not to launch these projects or to cut these projects. It will cause great waste if projects are launched half-way, and the time period required for completing the projects is prolonged. In view of these and for the projects that have been approved to launch, the first task is to ensure that sufficient funds can be obtained in time from the five sources. When funds cannot be obtained from financial allocation, the issuance of construction debentures, raising funds from society, and raising funds by enterprises themselves, the funds required for launching the projects should be supplied by bank loans. Banks will issue such loans under one condition: The projects that are to be financed are for increasing production of products that are in short supply, or the projects are construction projects that have almost been completed. When these projects are completed, additional economic returns will be obtained. Although the practice of financing these projects by bank loans will bring temporary inflation, these loans can be settled within a short period of time. For key construction projects that will affect the national economy and people's livelihood, overdraft should be allowed to ease temporary financial problems and to shorten the construction period. At the same time, for construction projects catering for products that are not in short supply, projects catering for products that are in short supply but requiring raw materials that are in short supply, construction projects that have just been started, and construction projects that have not yet been launched, new loans should not be issued to finance them. Moreover, loans should be collected from enterprises responsible for such projects and they should be forced to repay loans by allowing them to go bankrupt. Apart from these, loans issued to finance projects that have been cut should be separately listed in an account for settlement, and the amount of such loans issued over

the country should be added up and regarded as the total amount paid for learning a great lesson. The account should be settled as early as possible. The materials and equipment ordered for these projects and have been delivered by suppliers should be distributed to other areas as soon as possible and they should not be treated as goods that have a sluggish market and should not be withdrawn from circulation channels. Orders of materials and equipment that have not yet been delivered should be canceled, and the construction units that placed such orders should be held responsible for the damages thus incurred. It should be ensured that the time period required for completing basic construction projects and technological renovation projects will not be prolonged, and larger volume of work should be done in this aspect. In addition, it should be guaranteed that the consumption fund will not be excessively reduced, and the sales of consumption goods should be increased. These measures can fundamentally reduce the scope that will be affected by the problem of a weak market, and can enable market circulation to become normal soon.

Second, commodities specially catering for group consumption and under special control. The primary intention of putting commodities under special control and cutting group consumption is to increase individual consumption, and to ease the problem of tight market supply. The problems of sluggish sale and overstock of some commodities, which individual consumers do not consume, is caused by the reason that some measures have not been coordinated. For instance, in China, automobiles are not an individual consumption good. The problem of serious overstock of this product is caused by the constraints put on group purchases of this product, and the fact that production of these products has not been correspondingly reduced. If the production of automobiles is not to be reduced, a balance between the number of automobiles allowed to be bought and the number of automobiles to be produced should be achieved. Recently, the control on purchase has been relaxed, and many problems can thus be solved. However, in order to thoroughly solve problems, planning departments and responsible departments should comprehensively find a balance for all types of automobiles, and should make coordinated arrangements. Moreover, they should decide the current output volume according to the principle of supporting the best while eliminating the worst, and according to the current volume of orders supported by approval and sufficient purchase power. In addition, the production capacity to be reserved and developed should be determined according to future demand. In this way, the problem of serious overstock and the problem of serious shortage can be avoided, and basic balance between demand and supply can be achieved. For factories which are not assigned to produce goods but have been established in a short time in large number over all areas, if their production capacity is no longer needed, they should be instructed to shut down, to suspend their operation, to amalgamate with others, or to switch to the manufacturing of other products. In addition, enterprises that are expanding their production capacity should be instructed to cut their basic construction projects and their technological renovation projects.

Third, the common parts of daily industrial products and the means of production. (1) Being affected by the panic buying in 1988, the sales of some products in 1989 has decreased. If an excessive number of enterprises are instructed to shut down, to suspend their operation, to amalgamate with others, or to switch to the manufacturing of other products, future effective supply will be reduced, and the problem of sluggish sale will become the problem of shortage of products for sale. These type of products are goods that have a ready market, and wholesalers do not keep a large volume of stock of such products. If loan interest is high, and when the volume of goods sold does not match the volume of goods purchased, and when stock has to be kept for a long period of time, losses will be incurred. Moreover, if banks only issue short-term loans, and will put a higher interest rate on overdue loans, the burden on wholesalers will be very heavy. Under such circumstances, they will not actively borrow money for purchasing goods, and they thus cannot play the role of being a reservoir. Special low-interest loans should be issued to finance the purchase of goods which will be kept as stock for a long period of time and will help support production. At the same time, the practice of getting higher interest for overdue loans by issuing only short-term loans should be banned. However, we should choose marketable goods and keep stock of such goods. We should avoid the emergence of the problem of further overstock by preventing local administrative bodies from using mandatory order to instruct wholesale enterprises to buy goods without considering the market situation of such goods. (2) Color television sets. In view of the situation that the import of the parts for making color television sets and the import of complete color television sets are to be cut in 1990, it has been decided that at present the special consumption tax and other taxes will not be reduced, and the price of color television sets will be maintained at a high level. In order to solve factories problem of overstock of goods, wholesalers are required to buy from factories and to keep stock of such goods for a rather long period of time, and to gradually sell them in the market. This type of stock should be regarded as the state's reserve, and the interest that has to be paid for keeping such stock should be financed by the state.

Fourth, agricultural products. Since the beginning of autumn, the situation where only receipts are issued to purchase agricultural products has emerged, and the practice where only the contracted purchase amount of grain, cotton, and oil can be guaranteed has been adopted. Some units have been unable to obtain money for buying grain at a negotiable price, and some units have been unable to obtain money to purchase other agricultural products. This is due to the fact that the quota of special loans allocated for purchasing agricultural products has been used by other bodies. According to the investigation conducted by the Hengshui Branch

Office of the People's Bank, 49 percent of the remaining portion of the Hengshiu Prefecture's special loan for purchasing agricultural products has been cut and used by other units for establishing enterprises, forming joint operation, launching basic construction projects, buying automobiles, and so on. In addition, such a loan has also been used for compensating for the losses resulting from the cotton price war and the panic purchase of cotton. Apart from these, some county and township governments have used the special loan for purchasing agricultural products to set up cotton mills and township and town enterprises, and have also taken the cotton, which was bought by supply and marketing cooperatives by using the loans they got, for the operation of the county and township cotton mills. According to the investigation conducted by the Agricultural Bank at Yueyang City, Hunan Province, 30 percent of the loans issued for financing the keeping of the stock of commercial agricultural and sideline products has been used for financing nonagricultural products, 26 percent of such loans have been overdue and have not yet been repaid, and 40 percent was used in the past to buy agricultural products that have a sluggish market and have not yet been sold. This situation emerges every year. We should thoroughly eliminate the factors leading to the emergence of such a situation and should try our best to avoid the emergence of such a situation. The method is: On one hand, we should inspect and check how loans are being used, put right the practice where loans are to be used in an inappropriate way, and should increase interest rate. On another hand, we should allow overdraft of the loans issued for purchasing agricultural products. We should make clear the core of the problem, should avoid using the quota of loans to withhold the amount of loans to be issued, and the using of the practice where attention will not be paid to the putting right of the incorrect application of loans. This is to avoid the emergence of the problem that units are unable to obtain money for purchasing agricultural products or that units have to issue receipts for purchasing agricultural products. In inspecting and checking how the loans issued for purchasing agricultural products are being used in an incorrect way, related government departments at an upper level should send inspection teams to check the situation. Apart from checking whether enterprises have used loans in an incorrect way, these teams should also pay attention to putting right the situation where county and township governments have wantonly used their power to interfere the activities and businesses of banks. They should list all nondisciplinary activities in their inspection reports. This is to ensure that such inspection can play a deterrent role. Such arrangement should be set up as a system, and we should run this system in a sustained way. We should allow overdraft of the loans issued for purchasing agricultural products. This is because although we have to check the problem of inflation, we cannot avoid using such money. If agricultural products are not to be purchased by government units, and if only receipts are issued to purchase agricultural products, confusion will be created, peasants' enthusiasm will be affected, and agricultural production will also be affected. If we can make sure that special loans are used for the special purposes assigned, overdraft of the loans issued for purchasing of agricultural products will not lead to overdrafts of the amount fixed by the loan index, and will not lead to the increase of cash supply. This is because when peasants receive the money paid for purchasing their agricultural products, they will use the money for buying the agricultural means of production such as industrial consumer goods, and they will also put some of the money into their saving account. Money will thus be reabsorbed from circulation. Under the present situation where the market of some industrial consumer goods is weak, the increase in the purchase of agricultural products can open the rural market for industrial goods, and this can help solve the problem that the market of industrial consumer goods is weak. We want to tighten the supply of financial credits. The implementation of such policy should be advantageous to the normal supply and marketing activities, and the implementation of such policy should not block the circulation of commodities.

Support Should be Drawn From the Market Mechanism, Commodities Which Have Recently Become Saturated in Demand Should be Eliminated by the Method of Selecting the Best

The production of some commodities was blindly developed and increased in the past and the demand for these commodities has recently become saturated. At present, such commodities are not salable and excess stock of such commodities are kept. To improve such a situation should be regarded as the target and result of the implementation of the policy of improving the economic environment and rectifying the economic order. The departments concerned should help by selling these commodities in a way according to the different nature of these commodities. Moreover, they should grasp this good opportunity for readjusting the product mix and the industrial structure, and for increasing economic returns. They should guide enterprises to deepen the implementation of the double increase and double economy campaign, to vigorously improve their management, to raise the quality of products, to reduce the unit consumption, to lower the production cost, to set selling price in a reasonable way, to improve the product variety, to increase production of the products that have a ready market, to increase their competitive capability, and to achieve the target of eliminating the poor ones in the course of competition. However, at present, the market concept in China in general is not strong. If we depend only on the market mechanism, the target of selecting the best through competition will not be achieved within a short period of time, and waste will thus be increased. Therefore, in the course of competition, planning guidance should be provided as supplementary support, administrative means and economic means should also be used. Support should be provided to the units employing the technology which can help producing good-quality products, involves low cost and low energy consumption rate, and can bring good

returns, and support should also be given to the enterprises which have advanced management in the areas such as supply of funds, power supply, raw materials supply, purchase and sale of products, and so on. The surplus products, which have poor quality and high price, and were produced by factories employing the technology which produces low-quality products, involves high cost and high energy consumption rate, and brings low level of returns, and the surplus products produced by enterprises which have poor management will not be purchased by the units concerned. Moreover, loans will not be issued to these enterprises and factories, electricity supply to them will also be cut, and they should be urged to close down, to suspend their operations, to amalgamate with others or to switch to the manufacturing of other products. One of the strong points of the planned commodity economy is that good products will be supported and poor products will be eliminated under the influence of the market mechanism. It is necessary and possible that guidance should be given to the planned commodity economy. Bodies to which guidance will be given are those that have led to sluggish sale and overstock of products, and those that have brought business losses. Units that cannot raise the quality and cannot lower the cost and the price of their products to enhance the competitive capability within a short period of time are willing to accept guidance, and are also willing to close down, to suspend, to amalgamate with others, or to switch to the manufacturing of other products.

Generally speaking, in order to lower the unemployment rate, the enterprises mentioned above should be encouraged to amalgamate with others or to switch to the manufacturing of other products, and the closing down or suspension of the operation of such enterprises should be avoided. However, enterprises that are going to amalgamate with others should be the ones which need to expand their production scale, and the products going to be produced should be ones that have a ready market and the supply of the raw materials required for producing these products is not tight. At present, the factories that had been merged have become a burden of the factories that had taken over them; and some enterprises have switched to manufacturing other products without taking serious consideration. These situations will result in waste. In this case, such enterprises are better to be closed down. These enterprises should settle their accounts, and should try their best to give unemployment compensation to their staff and workers who have thus become unemployed. The returns that will be achieved by such arrangement will be greater than that of a semi-unemployment situation. With the unemployment compensation and the deepened ideological education given to the unemployed staff and workers, an unstable situation will not result. Unemployed staff and workers will soon find other jobs.

In achieving the target of supporting the best while eliminating the poor in the course of competition, the central government, provincial governments, and municipal governments should adopt the management system on an industrial basis, and should promote advanced technology and advanced management experience, and the double increase and double economy campaign over the whole country and all provinces and municipalities. Moreover, factories over the whole country should be encouraged to compare their strong points and weak points among themselves, good factories should be supported and poor factories should be eliminated, and the process of the elimination of the enterprises and products that should be eliminated should be accelerated.

Commentator Views Household Responsibility System

HK0902075390 Beijing NONGMIN RIBAO in Chinese 18 Dec 89, p 1

[Commentator's article: "Reunderstand the System of Contracted Responsibilities on the Household Basis With Remuneration Linked to Output—fourth on the Whole Party and the Whole Country Concentrating Their Forces on Developing Agriculture"]

[Text] In order to implement the spirit of the Fifth Plenary Session of the 13th CPC Central Committee, develop the rural economy in a stable way, and realize the target of agriculture reaching a new stage, it is necessary to stabilize the policy on the rural areas and first of all to stabilize the basic policy of the system of contracted responsibilities on the household basis with remuneration linked to output.

However, for a certain period recently, in certain social circles different views have been expressed on the system of contracted responsibilities on the household basis with remuneration linked to output. Despite the repeated affirmation of stabilization of the rural policy, in the hearts of certain rural cadres and peasants they were still uncertain about this system, wondering if there would be any change in the party policy and if the system would be finally abolished. For the sake of putting the peasants' minds at ease, it is necessary to make a certain rebuttal of the current several kinds of adverse comments on the system in the hope that there will be a basic common understanding of this system of contracted responsibilities on the household basis with remuneration linked to output.

Some people are of the opinion that this system belongs to the category of minor rural economy and does not conform with the socialist direction.

The reform in our country started with the rural areas. The 10 years' reform in the rural areas collected experiences of the most universal significance; it should be said that in the enforcement of the system of contracted responsibilities on the household basis with remuneration linked to output the fruits from elsewhere are all derived from this basis. The fact of the development of rural economy also testifies that the system has been a success. If it is said that the system does not conform

with the direction of socialism will it not be tantamount to refuting the 10 years' reform of the rural areas?

As for alleging that it belongs to the category of minor rural economy, the present system can hardly be compared with the minor rural economy in the past. Since the completion in the 1950's of the socialist reform of agriculture and land belongs to collective ownership, our country's rural economy has assumed a socialist nature.

Regarding to what nature a kind of economy belongs, the determinant factor is what kind of ownership system it enforces. The system of contracted responsibilities on the household basis with remuneration linked to output enforces the separation of two rights: The use right belongs to the peasant household doing the contracting, whereas the ownership right of land, serving as the most basic means of production, belongs to the collective. This basically determines the subordinate character of the system—that it can only be of a socialist nature. On the system of ownership, it firmly insists on the public ownership system. It only refutes the state of the people's communes being "large and public," which is not suited to the level of the productive forces in the rural areas of our country; in the form of operation, it carries out two-tier management, the contracting household not only possessing relatively larger autonomous power in management but also obtaining support from the collective forces, and thus displays the strong points of the collective economy. With regard to the system of distribution, large contracting is practiced. This overcomes the drawbacks of the practice of "everybody eating from the same big pot," and at the same time better manifests the principle of socialist distribution, which ordains "more work, more pay." In management activities, it is still subjected to the guidance and restriction of the socialist planned economy. By means of economic and even administrative measures, the state ensures that the contracting party cannot depart from the track of socialism. To sum up, putting this system into practice does not refute collective economy but improves and perfects collective economy, making it more suited to the socialist public ownership system and better displaying the superior charactor of socialism.

Some people have expressed the opinion that after 1985, a new hesitancy in grain and cotton production appeared. This illustrated that the system is no longer the motive force facilitating agricultural development but has become its impediment.

Over the past 5 years, what were the causes for this new hesitancy which has developed in grain and cotton production in our country?

Regarding this, investigation and research have been conducted from top to bottom. At present, in general a scientific understanding has been obtained. The fact that the entire agricultural production environment and the comprehensive production capacity are not suited to the needs of the further development of agricultural production is the basic cause for this hesitancy or stagnation in agricultural production. Seen from the economic environment, in recent years a serious imbalance has existed between industry and agriculture, the prices of agricultural products are not rational, and the means of production for agricultural use have risen in price. All these factors have made the comparative benefits of farming, particularly grain and cotton production, become too low and affected the enthusiasm of the peasants for production and input into agriculture. Seen from production conditions and material foundation, many problem have also existed. The acreage of cultivated land has been yearly reduced; water conservancy works are in serious disrepair; fertilizer has been lacking; ecological conditions have deteriorated; the use and extension of scientific and technological results has not been ideal; and so on and so forth. All these have restricted development of agriculture. Seen from the existing available conditions, at the moment our country's aggregate production capacity in agriculture generally can only maintain the production level of maintaining a yield of 800 billion jin of grain and 80 million dan of cotton. To go another step on the ladder, it will be necessary to strengthen the construction of the basic facilities, change the production conditions, and effect more and higher quality material and scientific and technological input. There is no need for any endeavor on the side of production relations.

As a matter of fact, in recent years, aside from the state of hesitancy in grain and cotton production, the entire rural economy has still revealed a sustained development. The gross output value of rural society rose from 145.9 billion yuan in 1978 to 530 billion yuan in 1988. According to comparable prices the growth rate over 10 years was 82.8 percent, averaging an annual growth rate of 6.2 percent. So far as agricultural production was concerned, certain localities did not show any sign of hesitancy in production. For example, Xu County of Anhui Province is one of the regions in our country known to have been the earliest in enforcing the system of contracted responsibilities on the household basis with remuneration linked to output. Over the past 10 years, it has shown a sustained economic development and in recent years has shown no signs of hesitancy or stagnation. All this illustrates that the allegation of this system being an impediment to agricultural development and causing a new hesitancy in agricultural development cannot stand.

Some people have allenged that the potentials of this contracting system have all been tapped and that contracted responsibilities on the household basis seemed to have lost efficiency.

Is it true that this household contracting system has had all its "potentials" tapped?

Following the rural reform, the productive forces have made a rather great development. But because of the low starting point, up to now, so far as the major portion of our country's rural areas is concerned, the level of the productive forces is still very low, farming basically

resorts to manpower and animal power, and household contracting is still suited to the level of productive forces in the great majority of the rural villages at present, being consistent with the wishes of the great majority of the peasants and capable of promoting the development of production. This state of affairs is the basic starting point of why the household contracting system must be stabilized.

At the same time, it should be seen that the immense life force of the household contracting system lies in its being suited to the special features of agricultural production. In agricultural production the principal objects of the labor are animals and plants, both of which possess life, while land serves as the basic means of production, and hence they are subject to the control and restrictions of the laws governing the growth of living things and natural conditions, possessing a strong seasonal character and regional character. In particular, the measures must be suited to the conditions of the locality and time. Practice of this system of household contracting enables the peasant households to possess autonomy in production and operation and, based on the laws governing the nurture and growth of animals and plants and on the changes in natural conditions, to adopt flexible measures and policies to meet emergencies. The flexible character of household contracting determines that this type of management form possesses a prolonged life force and extensive character of suitability.

In reality, the practice of the household operation form in agricultural production can be suited to different ownership systems and to different levels of productive forces. Thereby it can form different kinds of household economy, such as household operations in minor peasant economy, household operations in capitalist farms, and the socialist system of contracted responsibilities on the household basis with remuneration linked to output. Because the latter system can arouse the enthusiasm and positivism of hundreds and thousands of peasant households, is suited to the special features of agricultural production, and can display collective strength and the strong points of collective economy, from now on it will still possess a brisk life force and is not subject to changes in man's wishes. Naturally, the system of contracted responsibilities on the household basis with remuneration linked to output needs to be continuously perfected.

At present, what most needs perfection is the establishment of a healthy service structure, which includes production services, scientific and technological services, services on the circulation side, and so forth. Only when there is a healthy service system can the potentials of household operation be continuously displayed, and can it be suited to the trend of the modernization of agricultural production and the development of socialization. Naturally, perfecting the service system requires that the collective economy possesses real strength and hence needs improvement and perfection of the two-tier operation and the localities possessing the necessary conditions adequately developing the collective economy. Without two-tier operation, and the services being unable to follow up, household operation will reveal its limitations and cannot be suited to the development of agriculture.

To sum up, if a scientific analysis is made, then this conclusion will be reached: That the system of contracted responsibilities on the household basis with remuneration linked to output must first, be stabilized, and second, improved and perfected.

Article Views Western Living Standards

HK0902152590 Beijing GUANGMING RIBAO in Chinese 15 Jan 90 p 3

[Article by Zhang Shigu (1728 1709 6253): "How to Judge Improved Living Standards of Workers in Western Countries"]

[Text] Marx once described the proletariat of the capitalist countries as Prometheus on earth who suffered a lot for stealing fire from heaven. Thanks to scientific and technological progress, some people now say the developed capitalist countries have entered a "well-off society" and become "welfare states." Moreover, Prometheus has been emancipated and has returned to paridise. Is this true? Although the actual wages of workers in the developed capitalist countries have increased markedly, their working hours have shortened, and social welfare has improved universally since the war, their economic and social status has further deteriorated instead of effecting a fundamental change. The social gap between workers and capitalists will continue to widen. This is the real situation behind the dazzling Western world.

First, the increase in wages of workers in these countries merely indicates the changes in the charges and conditions of the reproduction of labor along with the development of capitalist social productive forces and the increase in labor productivity. That is, the increase in labor value. As regards shortened working hours, social insurance, and welfare benefits, these are the results of a long-term struggle launched by the working class. They are also measures adopted by the capitalist class to mitigate domestic class contradictions. The improvement in workers' living standards and labor conditions is not tantamount to a change in the status of hired labor. Marx pointed out long ago: "Better food and clothing, higher remuneration, and possession of more property cannot remove the subordinate relations and exploitation of slaves. Similarly, they cannot remove the subordinate relations and exploitation of workers. The increase in the price of labor because of capital accumulation just indicates that the gold chain cast by hired laborers is long enough to keep themselves a bit loose." ("Collected Works of Marx and Engels," Vol 23, p 678)

Second, the increase in the actual wages of workers in these countries lags far behind that of labor productivity. Hence, the workers' incomes from labor account for a smaller proportion of the social wealth they created,

further increasing the surplus value, that is, the exploitation of workers. If we take the 1950 index as 100, the growth in U.S. industrial labor productivity increased to 194 in 1970 and 252 in 1979, while that of Japan reached 1,200 in 1979. The growth in actual wages in other countries also lags far behind that of labor productivity. Meanwhile, the rate of surplus value increased annually. The rate of surplus value of U.S. manufactury increased from 185 percent in 1950 to 242 percent in 1973. From 1955 to 1970, the actual wages of Japanese workers increased by 120 percent but the profits of enterprises owned by capitalists increased by 1,850 percent.

Third, although incomes and consumption by workers in these countries increased, the increase is too inferior to bear comparison with the increment in the wealth of the capitalists. In the 21 years from 1949 to 1970, actual workers' wages in the United States rose 46.1 percent. However, in the 19 years from 1955 to 1974, Rockefeller assets increased by 438.2 percent; Morgan, by 362.3 percent; California, by 492.6 percent; First National City Bank, up 870.4 percent; and Cleveland, which is the lowest, by 100 percent. As social wealth is increasingly amassed by monopoly capitalists, the gap between big capitalists and ordinary workers has indeed reached a shocking level. In the United States, the wealthiest people, who account for two per thousand of the country's population, possess around 60 percent of the property of U.S. companies; and the millionaires, accounting for 1.6 percent, of the population possess 80 percent of company shares. There were 150 billionaires in the United STates in 1967, of which the largest clan possessed property valued at $3 to $5 billion, equivalent to 300,000 to 500,000 times the annual expenses of a medium level worker's family. In Japan, there were 565 wealthy people in 1976 each with an annual income of over 100 million Japanese yen, of which the richest reached as high as 1.7 billion yen, equivalent to 540 times the income of an ordinary family. It has been reported that the assets of Nakajima Kenkichi, director of the Heiwa Industrial Cooperative, the richest one in Japan, have reached $3.4 billion.

Local Governments Increase Agriculture Investment

HK1502100790 Beijing XINHUA Domestic Service in Chinese 0101 GMT 15 Feb 90

[Report by Pu Liye (5543 4539 2814) and Wang Yanbin (3769 6056 1755): "Local Governments Will Increase Investment To Boost Agriculture This Year"]

[Text] Beijing, 15 Feb (XINHUA)—In the first spring of the 1990's, a trend toward agriculture appeared in the senior as well as grass-roots levels in the whole country. A general review of the situation in various localities indicates that this year there has been a marked increase in funds and input of materials for agricultural production in a great majority of provinces, cities and autonomous regions, and that the supply of raw materials, energy, and power for agricultural production is better than last year.

Last year, grain production in our country reached a record of a yearly output of 407.9 billion kg. However, governments at various levels in various localities realize that last year the overall situation of cultivation in our country did not get over the pattern of stagnation, that there was no apparent increase in the comprehensive ability for agricultural production, and that per capita acquisition of grain in the country was even lower than the level in 1984. Only by doing the utmost to increase agricultural input and improve conditions for agricultural production, can a sustained and stable growth of agriculture be attained.

This year, the funds arranged for use in agriculture in various localities have increased markedly compared with last year, even in a comparatively difficult financial situation. Shandong Province has decided that this year the proportion of investment in capital construction of agriculture in the whole province to the total investment in capital construction should be restored from last year's two percent to the level of 6.5 percent in 1980, and that the proportion of funds supporting agriculture in the budget should be restored from last year's less than 10 percent to the level of 12.8 percent in 1980. Shanxi Province has allocated an additional 30 million yuan for investment in capital construction of agriculture from the finance at the provincial level, an increase of 23.6 percent over last year. Heilongjiang, Sichuan, and Tibet have increased 100 million yuan, 20 million yuan, and 12 million respectively in agricultural input this year compared with last year. Financial departments in various localities have also adjusted their credit structures, giving weight to supporting agriculture. For example, this year, Guangxi has allocated an additional 285 million yuan for agricultural loans, while Heilongjiang has allocated an additional 100 million yuan for the same purpose.

Grain production is the basis of agricultural production, and application of science and technology is the critical measure ensuring increase in grain output. Therefore, while increasing agricultural input, various localities have leaned toward grain production and promotion of science and technology this year. Guangxi has arranged a total of 32.5 million yuan for a special item of funds for grain production technology this year, an increase of five million yuan over last year, this plus the funds from prefectures and cities will hopefully surpass 60 million yuan. Sichuan and Xinjiang have respectively increased two million yuan as funds for promoting agricultural science and technology this year.

Governments in various localities have also tried their best to increase input of materials for agriculture. According to our information, this year, production enterprises turning out chemical fertilizer, pesticide, and

plastic sheeting for agricultural use in various localities have also been given priority consideration in terms of funds, energy, raw materials, and transport. Jiangsu Province will monopolize the supply of energy and some raw materials to enterprises producing goods supporting agriculture this year; it also plans to invest 271 million yuan in transforming and expanding 37 industries producing goods supporting agriculture, so as to strengthen self-sufficiency of means of agricultural production. This year, Hunan Province prepares to adopt the "four guarantee" measures of ensuring coal, water, power, and raw materials, and to transform and expand the three large-scale nitrogenous fertilizer factories in the province, in a drive to acquire the ability for producing 550,000 tons of urea and 500,000 tons of compound fertilizer in the next few years in the whole province, solving basically the problem of shortage of major fertilizers in the province. In addition, there have also been considerable increases in diesel oil, steel products, and wood for agricultural use in many provinces, cities, and autonomous regions this year.

East Region

Figures Show Anhui's 1989 Economic Development

OW3101020990 Hefei Anhui Provincial Service in Mandarin 1100 GMT 22 Jan 90

[Text] The provincial government held a news briefing on the afternoon of 20 January. Entrusted by the provincial government, (Li Shilin), director of the provincial statistical bureau, gave a briefing on the economic development in our province in 1989.

(Li Shilin) said: In 1989 our province earnestly implemented the guidelines of the Fourth and Fifth Plenary Sessions of the 13th CPC Central Committee and upheld the principle of improving the economic environment, rectifying economic order, and deepening reform. Thanks to the arduous efforts of the people throughout the province, initial results were made in improving the economic environment and rectifying economic order, and the economy is progressing along a healthy path. This is manifested primarily in the following areas:

1. Social demand was brought under control, and the effective supply continued to rise. Preliminary estimates put the province's gross product and income in 1989 at 57.5 billion yuan and 49.5 billion yuan respectively. Calculated in comparable prices, the two figures topped the previous year by 5 and 4.5 percent respectively.

2. There was a fairly good harvest. It is expected that the total agricultural output value for the year will be 16.66 billion yuan, 2.1 percent more than the previous year. Grain output was 24.246 million metric tons, up 1.143 million metric tons, a 5-percent increase. It was another bumper harvest year since 1987.

3. The excessive industrial growth dropped sharply, and the imbalance between primary industry and economic development was corrected somewhat. It is expected that the total industrial output value for the year—including figures at the village level and below—will be 44.1 billion yuan, 10.4 percent more than the previous year, and the rate of increase will be 9.2 percent lower than the previous year.

4. The banking situation improved. By the end of December, banks withdrew 40.52 billion yuan from circulation, an increase of 12.7 percent. The net amount put into circulation was 1.19 billion yuan, 2.13 billion yuan less than the same period of the previous year. The size of credit and loans was also controlled. By the end of December, the balance of bank loans totaled 32.44 billion yuan, up 4.12 billion yuan from the beginning of the year. The balance of all types of savings deposits totaled 19.88 billion yuan, up 3.38 billion yuan from the beginning of the year.

5. The rising trend of prices slowed down with each passing month. The annual goal set by the province for price control was achieved. It is estimated that the annual increase in retail prices, as compared with the previous year, was still less than 17 percent, and the rate of increase was still 5 percent lower than the previous year.

6. A fairly large increase was registered in financial revenue.

7. Exports continued to surge ahead. The annual goal of "double overfulfillment" was achieved. Initial statistics showed that in that year the province exported $570 million worth of goods accounting for 109.5 percent of the annual plan, which was 2.9 percent more than the previous year, thereby achieving the goal of overfulfilling the annual plan and exceeding the figure of the same period the previous year.

Director (Li Shilin) said: Although the province made remarkable progress in improving the economic environment and rectifying economic order in 1989, some economic problems of a more profound nature have remained unsolved. As good results were being made in improving the economic environment and rectifying economic order, we were also encountering new situations and problems in the economic sphere. To solve these problems, we have to further deepen reform.

Anhui Steps Up Agricultural Reforms

OW0702141190 Beijing XINHUA in English 1215 GMT 7 Feb 90

[Text] Hefei, February 7 (XINHUA)—Anhui, the first Province in China to implement agricultural reforms, is making more efforts in the sector.

With the country facing a cash shortage, the province has managed to provide 40 million yuan more than the amount budgeted for agriculture, according to Fu Xishou, governor of Anhui Province.

The province will also utilize loans provided by the World Bank, Japan and other government institutions to improve agricultural infrastructure.

Preferential terms in the allocation of coal, power and other necessary materials are targeted at the sector.

China's rural contract responsiblity system was first introduced in the province. The system allows farmers to sell their surplus produce on the free market as long as their government quota is met.

Following the implementation of the reforms, the province's agricultural returns improved for five consecutive years at an annual growth of 16.4 percent.

Anhui is planning to launch water conservancy projects which are expected to involve 430 million labor days in the next few months.

The agriculture reform policy will remain unchanged, Fu stressed.

State-Owned Units Ensure Fujian Grain Supply

OW0402013590 Fuzhou Fujian Provincial Service in Mandarin 1100 GMT 1 Feb 90

[By station correspondents (Chen Weixin), (Chang Lixi)]

[Excerpts] State-owned grain departments played an active role in ensuring a stable grain market in the province. In 1989, the price of rice in country fairs was 5.7 percent less than that of 1988, representing a monthly decline of 1.68 yuan for every 50 kilograms of rice. [passage omitted]

According to a survey of 25 state-approved grain markets, as of mid-January, the average price of 50 kilograms of rice was 69.8 yuan, a decrease of 22.4 percent from the same period last year.

At the beginning of last year, contradictions between supply and demand in the grain market were quite sharp. In light of this, state-run grain departments played a major role in grain procurement. They travelled to Jiangxi, Anhui, Hubei, Jilin, Heilongjiang, and other major grain producing areas to procure grain. According to incomplete statistics, state-run grain departments procured at negotiated prices more than 1.1 million metric tons of grain from other provinces, an increase of 32 percent over the previous year. [passage omitted]

Last year, Fujian reaped a bumper harvest of grain. To protect the enthusiasm of grain growers, state-run grain departments in the province willingly assumed market risks and, in accordance with the provisions of the provincial government circular, procured surplus grain from the peasants at a protective negotiated price. By the end of last year, more than 900,000 metric tons of grain were procured at negotiated prices. This has effectively ensured the supply of grain throughout the province.

Rural Jiangsu Firms Succeed Despite Problems

OW1302142190 Beijing XINHUA in English 0914 GMT 13 Feb 90

[Text] Nanjing, February 13 (XINHUA)—Tight money supply, shortage of raw materials and energy, and even the sluggish market have not daunted the rural enterprises in Jiangsu Province, the cradle and leader of China's burgeoning rural firms.

The rural enterprises have got trimmer, but healthier now, according to local officials.

The provincial bureau in charge of rural enterprises reported that 85,000 rural enterprises have stood the test and show a steady development. During a recent inspection, Chinese Premier Li Peng expressed satisfaction with this situation.

The latest official statistics show that the rural enterprises in Jiangsu produced an industrial output value of 91.6 billion yuan (about 19.5 billion U.S. dollars), accounting for 17.6 percent of the national total and remaining in first place among all provinces and regions in China. The output value represented a 6.2 percent increase over last year.

Zhang Tianxi, an official of the Jiangsu Rural Enterprises Bureau, said that the rural enterprises have developed through their own efforts, have strong adaptibility to the market and vitality.

He noted that the state and local governments have given preferential treatment in taxation, credit and other aspects to rural enterprises in the past. But last year the preferential treatment was abolished with the implementation of the austerity policy.

Under such circumstances, many rural enterprises have pooled their efforts to organize conglomerates and manufacture quality products. For example, some 200 firms in Yangzhong County were organized into five groups for production of electrical machines and parts, multiple purpose bench clamps, grinding machines and abrasive materials, instrument valves and meters, and plastic woven bags.

Another measure was to adjust product mix and develop new and quality products. For example, facing a threat of overstocking, a woolen mill in Suzhou developed eight new designs of fancy suiting and soon opened up the market. The mill produced a record output value of 50 million yuan last year and still has plenty of orders on hand.

Thirdly, rural enterprises join hands with state enterprises in Shanghai, Wuxi, Changzhou and other cities to bring their production, directly or indirectly, into the state plan. Through co-operation with state firms, many rural enterprises have overcome such difficulties as shortage of funds, low technological level and slack market.

Increasing exports and developing international markets also play an important role. Zhangjiagang City's Zhenye Rubber Shoe Factory, one of China's 10 major rubber shoe producers, developed 10 patterns of rubber shoes which sell well in the United States. The factory exported four million pairs of rubber shoes and earned seven million U.S. dollars in 1989.

Zhang Tianxi said that more than 4,000 rural enterprises engaged in production of export goods last year, earning about one billion U.S. dollars.

Rural enterprises have also used the opportunity of the ongoing rectification of the economic order to improve management, standardization and quality control, according to Zhang.

Jiangsu Reaps Bumper Aquatic Products Harvest

OW0102113990 Beijing XINHUA in English 1052 GMT 1 Feb 90

[Text] Nanjing, February 1 (XINHUA)—The aquatic products industry in east China's Jiangsu Province has expanded continuously for the past 11 years.

According to local statistics, the total output of aquatic products in the province last year reached 1.105 million tons, a 7.5 percent increase over the 1988 figure.

Last year marine and freshwater products increased by 7.9 and 7.1 percent, respectively, over the 1988 figures.

Jiangxi Agricultural Production Sets Record

OW1302143290 Beijing XINHUA in English 0841 GMT 13 Feb 90

[Text] Beijing, February 13 (XINHUA)—Despite severe natural calamities, the grain output of east China's Jiangxi Province last year reached 15.6 million tons, a record.

According to the provincial government, the area for growing economic crops also expanded to a record 670,000 hectares, and the output of cotton, tobacco, rapeseeds, peanuts, silkworm cocoons and fruit increased.

The meat output in the province is about one million tons, and that of aquatic products, 275,000 tons.

The agricultural boost in the typical agricultural province in China, has increased the income of its 30 million peasants—83 percent of its total population—by 2.1 billion yuan, or more than 70 yuan each.

The total amount of private bank deposits in 1989 was 31.3 percent more than in 1988.

Last year, the total agricultural and industrial value reached 40 billion yuan for the first time.

The financial income of the province was 14.7 percent more than in the previous year.

Wu Guanzheng, Jiangxi's governor, said that the province has benefitted from the agricultural boost. He said the government will add 200 million yuan to the investment in agriculture this year to support water conservancy projects, construction of commodity grain production bases and application of agricultural sciences and technology in farming.

Jiangxi Increases Rural Industrial Output

OW0102014390 Nanchang Jiangxi Provincial Service in Mandarin 1100 GMT 28 Jan 90

[Text] In the past year the cadres and masses in the rural areas of our province achieved initial good results in taking an active part in a comprehensive agricultural development program. Despite difficulties caused by extensive flooding, the province's 10 quotas—output value of grain, oil-bearing crops, meats, aquatic products, fruits, tobacco, silkworms, village and townwhip enterprises, net per-capita income of peasants, and agricultural development—all surpassed the previous records, thereby achieving an all-around bumper harvest in agricultural production and a flourishing rural economy.

In July 1988 the provincial party committee and the people's government, after taking into consideration the situation in Jiangxi, mapped out a strategic plan for promoting agricultural development in 3 to 5 years. Regarding agricultural development as an important task for invigorating the economy, party committees and people's governments at all levels have formulated comprehensive development and implementation plans and have drawn up specific measures to encourage agricultural development. These measures enhance the peasants' enthusiasm for participating in the comprehensive development program as well as the enthusiasm of all trades and professions in supporting the program. Various localities have focused on developing barren hills, barren land, unused water areas and transforming low yield farms and aquatic farms. Last year the province completed more than 150 million cubic meters of stone and earth work in building farmland water conservation projects, thus increasing the effective irrigation acreage by 196,000 mu; expanding the acreage of farms giving stable yields irrespective of drought or waterlogging by 125,000 mu; transforming 2 million mu of medium and low yield farms; and ensuring the stable growth of grain, fruit, tea, and silkworm output.

Agricultural development also promotes the development and utilization of new agricultural resources and raises the unitilization rate of land resources. The province has mobilized and organized the masses to open up 300,000 mu of red soil dry land and expand 185,000 mu of fruit farms, tea plantations, and mulberry plantations. To expand the acreage of arable land, the province also developed 50,000 mu of grassy slopes and 3.6 million mu of unused water areas. The total meat output surpassed the 1 million metric tons mark for the first time. In 1989, the output of aquatic products, which has registered increases for the 10th consecutive year, again rose by 7.4 percent over 1988.

Agricultural development has opened up new vistas for our province's village and township enterprises and peasant-run industries which have developed on the strength of agricultural resources. Despite various difficulties, the total output of village and township enterprises reached 12.19 billion yuan last year. At present the output of rural industries in the province accounts for one-third of the total industrial output value of the whole province.

Shandong's Yantai City To Build Industrial Park

OW0602112390 Beijing XINHUA in English 1036 GMT 6 Feb 90

[Text] Jinan, February 6 (XINHUA)—Yantai, a coastal city in Shandong Province, is planning to build a hi-tech industrial park in its economic and technological development zone aiming at attracting high technology and funds.

The park will cover an area of two square kilometers, with 100,000 square meters to be developed in the first phase.

The city will offer preferential treatment in land using, taxation, employment and housing for both foreign and domestic scientific institutes, enterprise groups, universities and colleges to invest in the park to develop new and high technological industries.

The park will give priority to projects of electronic and space technologies and products, new materials and energy, and marine industry and biological technology.

Construction of a science and technology center and other service facilities will start this year.

Shanghai Increases Industrial Output Value

OW3001002390 Shanghai JIEFANG RIBAO in Chinese 7 Jan 90 P 1

[Dispatch by Correspondent Zhong Tiehua (6988 6993 5478]

[Text] According to preliminary statistics compiled by the municipal statistics bureau, Shanghai's total industrial output value in 1989 amounted to some 110 billion yuan, up 5 percent from 1988 and achieving the growth target for 1989. In December alone, the industrial output value was 9.296 billion yuan, up 1.3 percent from November 1989 and down 2.4 percent from December 1988.

The vast numbers of workers and staff of the industrial department in Shanghai, responding to the call of the municipal party committee and the municipal government for "maintaining stability and going all out," did all they could to overcome difficulties and adopted effective measures to ensure steady industrial growth in the course of improving the economic environment and rectifying the economic order. They made the following achievements in the past year: 1) The efforts to readjust product mix yielded good results, and the effective supply increased. The output value of 200 major marketable products increased 6 percent over the previous year, while the output value of products for agricultural use—such as chemical fertilizer, insecticides, and tractors—increased by more than 10 percent. 2) Industry constantly relied on technological progress to develop new products. The first and second light industry bureaus developed some 7,000 new products. The textile industry bureau gave priority to producing 61 market-oriented products with a total output value of 4.03 billion yuan. The output of textile products increased 16.9 percent as compared with the year before, and their value accounted for more than 26 percent of the bureau's total output value. With the introduction of new technologies, Shanghai's textile products were constantly upgraded, and more than 15 percent of them improved. 3) The growth rate of heavy industry was higher than that of light industry. In 1989, the output value of light industry was 62 billion yuan, up 3.8 percent; while the output value of heavy industry was some 51 billion yuan, up 6.5 percent. The ratio between light industry and heavy industry output values for the year was 54.8 to 45.2. 4) The state-owned industry still held a dominant position. In 1989, the output value of state-owned industry in Shanghai was 73.55 billion yuan, accounting for 65 percent of Shanghai's total industrial output value; while output value of collective industry and enterprises in other economic sectors accounted for 24.1 percent and 10.9 percent respectively of the total industrial output value. 5) The growth rate of industry in suburban counties slowed down remarkably, with the growth rate of village-run industry dropping to 17.3 percent in the second half of the year from 40.2 percent in the first half of the year. 6) New progress was made in the production of export products. The value of products exported in 1989 was 14.393 billion yuan, accounting for 12.7 percent of Shanghai's total industrial output value. For instance, because of the great efforts to increase export made by the municipal bureau of machine-building and electronics industry, the export of machinery and electronics products in 1989 amounted to $150 million, an increase of about 25 percent over the previous year.

Shanghai Cuts 1989 Fixed Assets Investment

OW0202045090 Shanghai JIEFANG RIBAO in Chinese 21 Jan 90 P 1

[Text] Shanghai did well in 1989 in screening investments in fixed asset projects and scaling down the scope of investment. The municipality's total investment for the year was 21.387 billion yuan, down 11.5 percent from the previous year. The size of the reduction reached nearly 3 billion yuan.

Last year, state-owned units in Shanghai made a combined investment of 10.217 billion yuan. This amount, minus investments made in projects not regarded to be under the plan stipulated by the state, basically fell within the limit set by the state. This reduction in the investment scope provided good conditions for the municipality to further limit total social demand and deepen reform.

The efforts made in 1989 to scale down fixed asset investments can be characterized by the following four points: 1) Shanghai exercised strict control over newly started construction projects. In 1989 the number of newly started projects was 1,171, which was 2,579 below the 3,750 figure for the previous year, or a drop of 68.8 percent. 2) It readjusted the investment structure. The percentage of investments made in productive construction projects by state-owned units and collective ownership units in urban areas rose to 69.3 percent from 68.5 percent for the previous year, and the percentage of nonproductive construction projects dropped to 30.7 percent from 31.5 percent. 3) Construction was guaranteed for all major urban construction projects which had a bearing on Shanghai's invigoration and transformation and all key projects designed to build up Shanghai's strength for future social and economic development. 4) Collective investment in the rural areas and rural private investments in housing projects remained brisk. Total

investment reached 3.087 billion yuan. Total private housing space constructed reached 8,035,600 square meters.

Shanghai Export Figures Show Increase

OW0802191590 Beijing XINHUA in English 0844 GMT 8 Feb 90

[Text] Shanghai, February 8 (XINHUA)—The total volume of exports from Shanghai reached 358 million U.S. dollars-worth last month, up 1.2 percent over the same period last year.

Due to a readjustment of the export mix, exports of industrial manufactures, such as machinery, and electronic, and chemical products, rose by 24 percent over the same period of last year. The export of silk was 40 million U.S. dollars-worth last month.

Shanghai's exports this year are expected to reach 5.2 billion U.S. dollars-worth, five percent more than last year's figure.

To attract foreign businessmen to buy more products, a foreign trade fair is to be held in the city in March.

Shanghai Accelerates Technological Advancement

OW0602165890 Beijing XINHUA in English 1434 GMT 6 Feb 90

[Text] Beijing, January 6 (XINHUA)—Technological advances in Shanghai mean that a third of its products are now reaching a standard comparable with that of advanced countries in the 1970s and 1980s.

Addressing a national conference that opened here today on technological advances in business, Jiang Yiren, deputy director of the municipal Economic Commission, said the achievements were made by importing technology and by technical transformation.

He said that since the reform and opening to the outside world in 1979, Shanghai has imported about 2,000 projects involving advanced technology for industry while assimilating and developing more than 2,400 products.

The technology of new products manufactured with imported know-how narrowed by more than 20 years the gap between the standards of Shanghai and those of advanced countries.

These products include the Santana cars, motorcycles, MD-82 jetliners, 300,000-kw generators, digital-controlled machine tools, color tubes, industrial sewing machines and some special steel products.

More than 600 enterprises make more than 2,200 kinds of products to international standards, thereby improving quality and enhancing competitive capacity in the international market.

While revamping traditional industry, Shanghai has also invested in the development of technology in biology, lasers, industrial robots, optical telecommunication and new materials.

Now, Shanghai's industry is gradually shifting its efforts to a new technological foundation, promoting industrial production steadily.

In the past decade, the industrial output of Shanghai grew at an average annual increase rate of 7.4 percent. The city's exports hit five billion U.S. dollars in 1989, having shown an average annual growth of 18 percent in the past five years.

Besides technological importation, a large number of industrial enterprises absorbed foreign management methods, thus helping to raise their technology and improving their management and economic results.

Jiang said that technological advancement is vital to stable production, economic results and further development. Therefore, Shanghai spent 24.9 billion yuan on technical transformation in the past decade.

He said Shanghai will make further efforts in the field and combine scientific and technical research with production.

This year, he said, technical revamping will be focused on enterprises for expanding exports, saving energy, supplying the market and producing good economic results, as well as on an export-oriented economy.

Shanghai Products Regain Leading Position

OW2801093090 Beijing XINHUA in English 0740 GMT 28 Jan 90

[Text] Shanghai, January 28 (XINHUA)—Commodities produced in Shanghai, China's leading manufacturing center, have regained their leading position in the home market after being beaten several times by goods from other parts of the country, according to local officials.

Both international and domestic markets show hopeful signs for the city with a population of 12 million.

A weeklong Shanghai economic and trade fair in Hong Kong garnered total transactions worth 150 million U.S. dollars. The fair was planned as a move for enhancing the city's economic links with the outside world.

Almost at the same time, Shanghai commodities won prizes at a fair in Beijing, the Chinese capital. Among the 1,029 varieties of commodities entered in the fair, 157 won top prizes, beating all other cities and provinces.

Right at the beginning of the new year, Shanghai's big hotels started to show signs of recovery as more and more overseas visitors are coming back on business.

On January 2, a Sino-foreign joint packing company, the 649th in the city, became operational. More than 98

percent of the joint ventures in Shanghai are successful, indicating that the city is a major attraction for foreign investors.

The new year has already witnessed some major projects involving chemicals, electronics and steel rolling going into operation.

For the benefit of the city residents, a modern chicken farm started functioning at the end of last year. This marked the completion of the municipal government plan to do 12 useful things for its people. And this year, the government has promised to do another ten useful things for the people.

In the national austerity drive, the success enhanced the confidence of Shanghai's leaders and people this year.

Shanghai used to suffer a serious shortage of energy and raw materials. During the austerity drive, the city benefits from unified planning and the shortage is being relaxed.

Ships are carrying more coal to the city, which, according to experts, is enough for the city's industry to consume one whole month. [sentence as received] At a time last year, the local power plants had only three days of coal supply. The central government has promised Shanghai 15 million tons of coal this year.

With a new power generating unit in operation, Shanghai now has a daily supply of 50 million kwh of electricity, in addition to the 20 million kwh from the east China power grid. The amount is far greater than that last year.

Shanghai's warehouses are full of raw materials, especially nonferrous metals. Shanghai is eyeing both domestic and international market for the supply of raw materials as well as for selling its commodities.

Officials in charge of economic departments say that preparations for this year's production are better than any previous year and they expect a good year for the manufacturing industry.

However, Shanghai still faces a shortage of funds. As the market has not yet fully recovered, some factories are still not operating in full capacity.

Stable Environment Aids Shanghai Securities Market

OW2701175990 Beijing XINHUA in English 1325 GMT 27 Jan 90

[Text] Shanghai, January 27 (XINHUA)—The price of the 26 kinds of bonds at the Shanghai Securities Market, the biggest of its kind in China, all gained to indicate a brisk start for the Year of the Horse which begins today.

At the close Thursday afternoon, the average price index gained one point over the day before to reach 92.27 points. In May last year, the index plunged to 65.50 points. Since then, it has been gaining steadily under a stable political and economic environment throughout the country.

On New Year's eve, securities holders crowded at the 30 business centers to claim their interests and dividends.

A housewife got 3,000 yuan in dividends from her 200 shares in an electronics equipment company, double the figure two years ago. She happily noted that this was much more handsome than the interests of bank savings deposits.

According to market management officials, at this stage securities holders do not have to face any risks for their investments, and people are all eager to buy bonds issued at the market.

When it started in 1986, the market only saw two kinds of bonds with a face value of five million yuan. Now the 26 kinds of bonds on the market have a total face value of 600 million yuan and there are 580,000 private securities holders.

Shanghai Increases Fuel Efficiency, Production

OW2601175490 Beijing XINHUA in English 0739 GMT 26 Jan 90

[Text] Shanghai, January 26 (XINHUA)—China's largest industrial city, Shanghai, consumed less energy while expanding its industrial production in 1989, a city official said here today.

According to him, Shanghai's industrial output value rose by five percent in 1989, while the city reduced its consumption of coal by 400,000 tons, fuel oil, by 43,000 tons, refined oil, by 41,000 tons, electricity, by 900 million kwh, and gas, by 16 million cu m.

As one of China's most important processing centers, Shanghai consumes about 22 million tons of coal annually.

The official attributed last year's achievement to an adjustment of the production structure, application of energy-saving technologies and better energy management.

In 1989 the city's light industry cut back on the production of sweets, paper and plywood, which were in excess supply, and expanded the production of wristwatches, cosmetics, sewing machines, electricity-saving lamps and fountain pens. As a result, its output value rose by 3.8 percent while its energy consumption dropped by nine percent.

The city made great efforts to save electricity in 1989 by applying new technologies to electric motors, transformers, lights and other electrical appliances. A caustic soda plant spent two million yuan on revamping its electrolysing cells and saved 11 million kwh of electricity.

The city also further perfected its energy management in 1989, working out standards of energy consumption for various kinds of equipment, reinforcing supervision of energy consumption, and praising enterprises that lowered their energy consumption and punished those exceeding their energy supply quotas.

Foreign-Invested Enterprises Increase in Zhejiang

OW0302211490 Beijing XINHUA in English 1529 GMT 3 Feb 90

[Text] Hangzhou, February 3 (XINHUA)—The number of foreign-invested enterprises in east China's Zhejiang Province increased by 182 last year, bringing the total to 440.

A local official said the number of new foreign-invested enterprises last year was the largest since China's opening policy was introduced in the province ten years ago.

The official said the total investment of these foreign-invested enterprises, which included joint and cooperative ventures and solely-foreign-funded enterprises, reached 3.258 billion yuan (about 650 million U.S. dollars).

Firms from Hong Kong, Macao and Taiwan accounted for 77 percent of the total overseas investment in Zhejiang, according to the official.

Most of these enterprises located in Ningbo, Hangzhou and other cities with convenient transportation.

Zhejiang Bank Expands Overseas Business Contacts

OW0102213690 Beijing XINHUA in English 1454 GMT 1 Feb 90

[Text] Hangzhou, February 1 (XINHUA)—The Zhejiang branch of the Industrial and Commercial Bank of China (ICBC) has established business relations with 270 overseas banks since it began offering overseas services one year ago.

By the end of 1989, the bank had handled 1,170 overseas settlement transactions involving a total of 152.14 million U.S. dollars, attracted 18.75 million U.S. dollars in foreign currency savings deposits, issued 9.33 million U.S. dollars in loans and completed seven transactions of foreign exchange guaranty totalling 700,000 U.S. dollars.

ICBC Zhejiang branch also established business links with foreign exchange banks and centers inside and outside of the province.

Hydropower Development Improves Zhejiang's Economy

OW0602065090 Beijing XINHUA in English 0158 GMT 6 Feb 90

[Text] Hangzhou, February 6 (XINHUA)—Taishun, a mountainous county in the southern part of Zhejiang Province, east China, which was listed as one of the country's poorest areas six years ago, has become a rich county thanks to development of small hydropower stations.

The county's total output value of industry and agriculture reached 150 million yuan last year as against 16 million yuan in 1983. Meanwhile, the ample supply of electricity greatly promoted the development of other local industries, including the production of tea, pottery and porcelain, wooden toys and woven straw articles.

Besides, more than 30,000 farmers have shifted from the land to work in industrial and service enterprises which were established following the increase in supply of electricity.

Taishun is only one of the 11 counties in Zhejiang Province that were among the 100 counties throughout the country listed by the State Council six years ago as pilot counties for developing small hydropower stations.

In the past six years, nearly 400 million yuan (about 85 million U.S. dollars) was spent on construction of small hydropower stations in the province's 11 counties. These stations have a total capacity of 220,000 kw and an annual generating capacity of 620 million kwh, or 78.9 percent of the counties' total consumption.

Compared with 1982, the GNP of the 11 counties increased to 6.3 billion yuan last year from 2.2 billion yuan six years ago, while the township-run enterprises' volume of production rose to 2.45 billion yuan from 250 million yuan.

The electrification drive in rural Zhejiang has brought household radio and TV to ordinary farmers in mountainous areas. Over 90 percent of the families in the 11 counties now have access to electricity. The per-capita annual consumption of electricity reached 235 kwh last year.

Zhejiang Popularizes Agrotechnology

OW0602142990 Beijing XINHUA in English 1322 GMT 6 Feb 90

[Text] Hangzhou, February 6 (XINHUA)—Grain output in east China's Zhejiang Province is now 10,000 kilograms per hectare.

This is a result of efforts by the province to introduce agricultural technology to farmers.

Last year the provincial science commission popularized 52 new planting and breeding techniques, greatly improving agricultural production.

The commission also organized 10,000 farmers to take part in an experiment on 67,000 hectares of farmland, an effective way to popularize new technology.

A large number of organizations have been set up to help farmers apply the new technology.

As a result, exports of agricultural produce and processed produce last year were 74 percent of the province's total exports, and foreign exchange earnings were six times those of 1979.

Zhejiang Plans Increased Exports

OW2501192790 Beijing XINHUA in English 1536 GMT 25 Jan 90

[Text] Hangzhou, January 25 (XINHUA)—Zhejiang Province in east China plans to increase its exports in 1990 by 8.8 percent over the previous year's figure, said Wang Zhonglu, vice-governor of the province, here today.

In 1989 exports amounted to 1.879 billion U.S. dollars, a 16 percent growth on the 1988 result.

Wang said the province will continue to give export priority to machinery and electrical products, silk, textiles, light industry, handicrafts and agricultural and sideline products.

In addition, the province will adjust its export commodity structure and produce quality and new products to cater to the demands of the international market.

This year the province plans to import some cotton to manufacture textile goods for export. It will also expand the assembly with supplied parts of machinery and electrical products, and the processing with supplied materials of iron, copper and manganese ore.

The province will tighten quality control on export goods.

While expanding exports to Japan, the United States, Western Europe, Hong Kong and Macao, the province will open up markets in the Middle East, South America and northern Europe.

It will also continue to develop trade with the Soviet Union, East Europe, South Korea and Taiwan.

In attracting foreign investment, Wang said, priority will be given to export-oriented businesses producing products as substitutes for imported goods, and technologically advanced businesses.

There are now 491 foreign-funded enterprises in Zhejiang, representing a total investment of 880 million U.S. dollars, including committed foreign investment of 102 million U.S. dollars.

Central-South Region

Guangdong Reports Changing Import Mix

OW3001085790 Beijing XINHUA in English 0727 GMT 30 Jan 90

[Text] Guangzhou, January 30 (XINHUA)—China's tightened management over trade has sharply reduced imports of such durable goods as station wagons, sedans and motorcycles and increased imports of industrial materials in south China's Guangdong Province.

Those three products represented only 0.52 percent of total imports in the province during the first 11 months of last year as compared with 1.34 percent previously.

The province's total imported products during the same period were cut by 4.99 percent to 13,923 million U.S. dollars, as compared with the figure from the same period of the previous year.

Meanwhile, the volume of imports bought with local foreign exchange reserves was cut by 700 million U.S. dollars.

The ratio of other consumer goods imported fell fom 19.16 per cent to 13.28 percent of the province's total imports. Imports of household electrical appliances, such as refrigerators, washing machines, air-conditioners, television sets and cassette recorders, textiles and everyday consumer goods also sharply decreased.

However, imports of raw materials and complete sets of equipment rose by a big margin.

The ratio of imports of minerals and hardware, including rolled steel and nonferrous metal, was up to 10.3 percent as compared with six percent the previous year. Imports of instruments increased by 20.6 percent on the figure for the same period of 1988.

Imports of production equipment with foreign capital for foreign-funded enterprises also rose. During the first 11 months of last year, total imports of production materials for Sino-foreign joint ventures amounted to 1,551 million U.S. dollars, up 79.19 percent over the figure for the same period of 1988.

At present, Guangdong Province is able to produce 155 kinds of products that formerly had to be imported.

Local officials in charge of foreign economic relations and trade said the province will continue to adjust its import structure in line with a changing domestic market.

Roundup Views Guangdong Agricultural Foundation

HK2401115890 Beijing ZHONGGUO XINWEN SHE in Chinese 0650 GMT 18 Jan 90

[Roundup by reporter Mo Fei (5459 7236): "Guangdong Has Established a Foundation for Modern Agriculture"—ZHONGGUO XINWEN SHE headline]

[Text] Guangzhou, 18 Jan (ZHONGGUO XINWEN SHE)—Guangdong Province has established a unique foundation for the development of modern agriculture. This is an important achievement since reform and opening up and is the basis for the province's new plan on increasing agricultural output in the next stage.

Here are some specific figures that show the province's achievements in developing modern agriculture: At present, the province has built more than 5,000 large-scale crop growing, animal breeding, and processing production bases, including more than 2,100 export agricultural products production bases and processing enterprises, earning $1.9 billion a year through export. The province has also established 14,000 export-oriented township and town enterprises, using an accumulated total of $2 billion of foreign funds, and exporting more than $6 billion's worth of products a year. A large number of specialized and unique markets and small towns have been established, of which there are more than 1,200 well established towns and more than 1,000 specialized markets. Moreover, there are more than 10,000 rural markets, with an annual turnover of more than 10 billion yuan.

The province has established a production system to carry out series production on several specialized bases, including the east Guangdong and west Guangdong fruit and vegetable production and animal breeding bases, the north Guangdong and central Guangdong fast-growing forestry and local products production bases, and the Zhujiang delta production base for the comprehensive production of high quality agricultural products.

In the development of modern agriculture, Guangdong has mainly adopted the following policy decisions: To reform the operation and management systems of agricultural production and to establish a two-tier operation system based on household operation; to reform the system of state monopoly for the distribution and purchase of agricultural and sideline products and to cultivate the mechanism of market regulation so as to stimulate commodity circulation and promote the development of rural commodity economy; to suit policies and measures to actual local conditions and to readjust the layout and structure of agricultural production, so that the rural economy can be developed harmoniously; to make a full use of the "special policies and flexible measures" provided by the central authorities so as to speed up the development of export-oriented township and town enterprises and export-oriented agriculture; and to reform the administration structure at the grass-roots level and to establish all kinds of socialized service systems.

When interviewed by the reporter, Ling Botang, vice governor in charge of agricultural work, said that in the current economic improvement and rectification, the province will continue to stabilize rural policies and the production layout and structure. On the basis of last year's bumper harvest, agricultural input will be increased, so that better harvest can be reaped in the future. Apart from this, the province will establish some comprehensive experimental zones for the production of modern agricultural commodities. Concerted efforts will be made by relevant departments to blaze a new trail for developing modern agriculture with distinctive Guangdong characteristics, so that Guangdong's agriculture can be developed to a new height in a few years.

Guangdong Reaffirms Contract Responsibility System

HK2301044090 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 21 Jan 90

[Text] Recently, the responsible person of the Guangdong Provincial Economic Commission answered some questions raised by NANFANG RIBAO reporters with regard to the implementation of the contracted management responsibility system.

The responsible person of the Guangdong Provincial Economic Commission stressed that the CPC Central Committee, the State Council, the Guangdong Provincial CPC Committee, and the Guangdong Provincial People's Government have time and again affirmed and called for the continued implementation of the contracted management responsibility system in enterprises because the implementation of the contracted management responsibility system in enterprises has played an important role in stabilizing enterprises, production, and the economy as a whole. For this reason, Guangdong will definitely continue to implement the contracted management responsibility system in her enterprises.

The responsible person also said that the contracts signed by the majority of the industrial enterprises in Guangdong are due to expire at the end of this year. Guangdong will make every possible effort to make the contract renewal work a complete success, in accordance with the spirit of the recently concluded National Conference on Economic Structural Reform and the Guangdong Provincial Conference of City Mayors.

The responsible person said that in carrying out the contract renewal work, it is necessary to adhere to the principle of adopting different measures under different circumstances with a view to ensuring a smooth transition.

The responsible person also pointed out that efforts must be made to stabilize the contract form and contract contents, in the hope of guaranteeing both the quality and the quantity of the production concerned.

The responsible person stressed that in carrying out the contract renewal work, it is necessary to adhere to the principle of stabilizing policies, developing advantages, doing away with disadvantages, suiting measures to local conditions, and adopting different measures to deal with different problems. Redoubled efforts must be made to ensure the successful fulfillment of all the contracts. The economic commissions at all levels must divide enterprises into different categories, adopt different measures toward different categories of enterprises, and lay a solid foundation for the next round of contract renewal work.

The responsible person also said that it is necessary to establish and perfect a self-restriction mechanism in various enterprises and guide the enterprises to operate in accordance with the law and make rational use of their funds. It is likewise necessary to extensively publicize the contracted management responsibility system in a bid to mobilize the broad masses of the enterprises as well as the broad masses of the staff and workers to continue to implement the contracted management responsibility system.

Guangdong Largest Industrial Exporter

OW2501201990 Beijing XINHUA in English 1049 GMT 25 Jan 90

[Text] Guangzhou, January 25 (XINHUA)—The export volume of industrial products from Guangdong Province in south China reached 26.856 billion yuan-worth (about 5.7 billion U.S. dollars) last year, making the province the country's biggest exporter of industrial products, according to the provincial economic departments.

The figure was six billion yuan more than the total industrial output value of the province in 1978.

Thanks to the geographical advantage of having Hong Kong and Macao as its close neighbors, Guangdong has formed a light industry network covering the food, textile, household electrical appliance, chemical, machinery and electronic industries by attracting foreign investments and importing advanced world technologies.

Now the province exports nearly 100 varieties of products, which can each earn 10 million U.S. dollars each year. Among them, garments, electronics, household electrical appliances, cotton cloth, cotton knitwear, bags and toys can earn a total of more than 100 million U.S. dollars a year.

The province's products are now exported to more than 150 countries and regions. Last year, over 20 countries and regions had direct trade with Guangdong.

Guangdong Develops Processing Industry

OW0802080690 Beijing XINHUA in English 0231 GMT 8 Feb 88

[Text] Guangzhou, February 8 (XINHUA)—Guangdong's businesses processing client-supplied materials and parts continue to develop despite the current efforts to straighten out the economic order.

The province had approved 18,000 enterprises in the processing business by the end of 1989. The total processing fee was 553 million U.S. dollars, or an increase of 59.8 percent over the 1988 figure.

As a result of strengthened macroscopic control, items that require high technology and heavy investment have increased.

Huizhou City, which borders on the Shengzhen special economic zone, has begun to assemble television sets, high-quality sound equipment and cameras.

At Baoan County, items that attracted more than five million U.S. dollars of foreign investment each totalled 120, and accounted for 10 percent of the total contracts signed last year.

At present, Guangdong is able to process and assemble over 100 products, and some towns and villages on the Pearl River Delta have become known by such names as the "City of Toys" and the "City of Shoes".

Guangdong's processing and assembly business has extended to the outlying districts and mountainous areas, thanks to Guangdong's policies of encouragement.

Imported materials and parts from Taiwan, the United States, Canada and Japan are increasing, a development that has changed

Guangdong Increases Fish Production

OW0602230290 Beijing XINHUA in English 1600 GMT 6 Feb 90

[Text] Guangzhou, February 6 (XINHUA)—The total output of fish from Guangdong Province, south China, reached 1.88 million tons last year, 7.6 percent more than in 1988.

In order to develop fishing, the province updated more than 3,500 oceangoing vessels to its fleet.

Meanwhile, the production of freshwater fish increased, thanks to the renovation of 10,000 hectares of fish ponds and the popular acceptance of techniques for raising output. The average output of the province amounted to 4,950 kilograms per hectare of pond, 285 kilograms more than in 1988.

1989 Development in Guangdong SEZ's Uneven

HK3101140590 Beijing CEI Database in English 31 Jan 90

[Text] Guangzhou (CEI)—Figures released by the departments concerned here show that the development of Shenzhen, Zhuhai and Shantou, three special economic zones [SEZ's] in Guangdong Province, was uneven in 1989.

By the end of last November, Shenzhen's exports accounted for 1.885 billion U.S. dollars, 18 percent more than 1988, and its annual export is expected to reach over 1.95 billion dollars; Zhuhai's exports accounted for 325 million dollars, down by 19.5 percent; and Shantou 400 million dollars, up by 4.3 percent.

In 1989 the exports of foreign-funded enterprises in the special economic zones increased rapidly but their export in general declined. Exports of the foreign-funded firms and from processing with imported raw materials in Shenzhen increased by 71 percent and 20.2 percent respectively; Zhuhai up by 110 percent and 57.7 percent respectively; and Shantou down by 63.3 percent and 12.1 percent respectively.

Guangdong SEZ Reports 1989 Economic Statistics

HK3001031790 Hong Kong TA KUNG PAO in Chinese 26 Jan 90 p 2

[Special Dispatch: "Shenzhen's Economy Continues To Grow, Its Gross Output Value in 1989 Amounts to 9.3 Billion Yuan"]

[Text] Shenzhen, 24 Jan—In the 1989 statistics report published in today's papers by the Shenzhen City Statistics Bureau, it is shown that the economy of Shenzhen is developing continuously, steadily, and in a coordinated way.

According to the annual report, the GNP was 9.3 billion yuan, the national income was 7.2 billion yuan, and the total industrial and agricultural output value was 12.213 billion yuan. A comparison of these figures with last year's shows an increase of 15.5 percent, 16 percent, and 21.6 percent respectively.

The total industrial output of last year was 11.645 billion yuan (excluding industries operated in villages), representing a 31.1 percent increase over the previous year. Of this, 6.861 billion yuan was the industrial output value of Chinese and foreign investment, accounting for 58.9 percent of the total industrial output value. The export output value of industrial goods was 6.799 billion yuan, representing a 43.1 percent increase that was 12 percentage points more than the total industrial output value. The export output value in the total industrial output value has risen from 53.5 percent in last year to 58.4 percent.

Traffic, transportion, and post and communications continue to grow steadily. Agriculture is also developing steadily. Investment in capital construction is now under control. Market supplies are stable. The total price index of the living cost of staff and workers has fallen by 2.7 percentage points. The retail price index of commodities has fallen by 5 percentage points. The financial income is expected to reach 1.877 billion yuan, representing a 46.72 percent increase over last year.

As for foreign trade, the total volume of import and export amounted to $3.771, the total export volume amounted to $2.174, and the total import volume amounted to $1.597. In comparing these figures with those of last year, they show an increase of 9.5 percent, 17.6 percent, and 0.23 percent respectively.

Guangxi Collects 3.5 Billion Yuan in Taxes

HK3001052490 Nanning Guangxi Regional Service in Mandarin 1100 GMT 28 Jan 90

[Excerpts] In 1989, Guangxi received 3.5 billion yuan of industrial and commercial tax, representing a 19-percent increase over the previous year and overfulfilling the quota issued by the State Council. [passage omitted]

Last year, despite such difficulties as lack of funds, inadequate energy and transportation facilities, production decreases, and market weakness, the taxation departments at all levels in Guangxi Zhuang Autonomous Region conscientiously implemented the decisions made respectively by the State Council and the Guangxi Zhuang Autonomous Regional People's Government on rectifying the taxation order and strengthening taxation management, carried out taxation reform, improved the tax-levy methods, carried out the struggle against tax evasion, and achieved good results in regional taxation work. [passage omitted]

Guangxi Reports Record Coal Output

HK3001024990 Nanning Guangxi Regional Service in Mandarin 1100 GMT 28 Jan 90

[Excerpt] In 1989, Guangxi's raw coal output hit 11.2 million tons, which was 0.85 million tons more than its all-time high attained in 1988.

Last year, Guangxi's coal enterprises made use of all the favorable conditions available, further deepened the enterprise reform, strengthened leadership, and dispatched technological personnel to various coal mines to help solve problems, thus greatly arousing the production enthusiasm of the broad masses of the staff and workers. As a result, Guangxi's coal production maintained a steady and sustained growth. [passage omitted]

Guangxi Ethnic Minority Adopts New Ways

OW2801094790 Beijing XINHUA in English 0248 GMT 28 Jan 90

[Text] Nanning, January 28 (XINHUA)—The Mulam people, one of China's 55 ethnic minority groups, have

enjoyed their unique lifestyle for centuries. But now they are changing to keep up with the tempo of the times.

An official in Luocheng County, which is inhabited mostly by the Mulam nationality and lies in south China's Guangxi Zhuang Autonomous Region, says: "They are changing in the way they decorate their rooms, in their clothing and in their way of life."

The removal of the "dilu"—a cooking stove built underground in a dwelling house—is one example of change.

With easy access to coal produced locally, the Mulam people used to dig a pit 30 to 40 centimeters deep in the middle of their central room. They would build a stove in it for both cooking and heating. It was covered by boards when not in use.

Now, at the home of Wu Meifu, director of the Fenghuang Villagers' Committee, a washing machine stands in the center of the room.

"That's where my 'dilu' was originally located," says Wu. "I have moved it to the kitchen so that the smoke produced by the stove does not damage the washing machine and other household electrical appliances."

The room is also equipped with a tape recorder, a black-and-white television set and an electric fan.

Wu says that of the 53 households in Fenghuang village exclusively inhabited by Mulams, 18 have television sets.

Of the 120,000 Mulam people in China, 90,000 live in Luocheng County.

Their living standards have improved in the wake of the country's reform and opening to the outside world over the past decade. The farmers' average annual income per capita increased from 70 yuan in 1978 to 285 yuan in 1988.

In the past, the Mulam people distinguished themselves from other nationalities by the elaborate costumes they made for themselves from handwoven cloth.

Nowadays, not only the fashion-minded young people but also those of middle and old age prefer the clothes worn by Han people.

A middle-aged man in the township of Siba says: "The homemade costumes cost too much in fabrics and time. It saves us a lot of time to buy ready-made garments."

In the past, farmers in the village of Fenghuang knew nothing about fish raising, but now 80 percent of the farmer households in the village have their own fish ponds and sell the fish in neighboring towns.

"It was really hard for me to launch the business," recalls Wu Daxuan, aged 40, who was the first to raise fish in the village.

In 1983 he dug two fish ponds, but in 1984 and 1985 the ponds were ruined by floods and fish worth 5,000 yuan were washed away.

The failures never discouraged Wu. In 1986 he sold all his family's valuables—a head of cattle, pigs, a bicycle, a horse cart and watches—for 5,000 yuan to buy cement and explosives to dig fish ponds and build dams.

Now he has five fish ponds, which produce 1,000 kilograms of fish every year.

The village has become one of the fish raising bases of luocheng county.

Hainan Reaps Good 1989 Grain Harvest

HK2901075090 Haikou Hainan Provincial Service in Mandarin 0500 GMT 27 Jan 90

[Text] Last year, despite serious natural calamities, Hainan Province reaped a good grain harvest with its total grain output reaching 3.02 billion yin, representing a 26.2-percent increase over the previous year and approaching its all-time high attained in 1977.

Last year, Hainan Province conscientiously implemented the principle formulated by the central authorities of improving the economic environment, rectifying the economic order, and deepening the reform. It also implemented the instruction of the State Council on strengthening agricultural production, practically strengthened its leadership over agricultural production, and increased its input in agricultural development.

The departments concerned in various parts of Hainan also actively supported provincial agricultural production with respect to funds, goods, materials, technology, and services, thus greatly arousing the production enthusiasm of the broad masses of the peasants in Hainan. As a result, despite such serious natural calamities as windstorms and floods, Hainan finally reaped a good grain harvest.

Last year, with the exception of Lingshui County, Baoting County, and Haikou City, which suffered the most serious natural calamities, all the other 16 cities and counties of Hainan Province witnessed a sizable increase in their grain outputs, among which Wenchang County witnessed a 62.7-percent increase in its grain output, the biggest increase percentage in Hainan. The grain output of Dingan County registered a 58.4-percent increase over the previous year. Qionghai County's grain output reached 109 million jin, the highest grain output in Hainan in 1989. Wenchang County's grain output reached 100 million jin, the second highest grain output in Hainan in 1989.

Hainan Improves Transportation Facilities

OW0102202290 Beijing XINHUA in English 1522 GMT 1 Feb 90

[Text] Haikou, February 1 (XINHUA)—Hainan Province, south China, has greatly improved its transportation since 1988, when the province was established.

Last year two berthes, each with a handling capacity of 20,000 tons, were constructed in Yangpu port.

A berth with a handling capacity of 5,000 tons and two with a handling capacity of 500 tons each in Qinglan port were extended.

The handling capacity of seaports in the province reached 10 million tons last year, an increase of 500,000 tons over the previous year.

The province's ocean-going fleet has expanded its capacity to 150,000 tons from 39,000 tons before the establishment of the province.

Civil aviation in Hainan has also developed. Twelve air routes linking the province with major Chinese cities, such as Beijing, Shanghai and Guangzhou, and Southeast Asia have been opened. The routes total 40,000 kilometers. The four previously existing routes totalled 525 kilometers. There are now 22 flights a day.

The province is also constructing a number of new highways.

Hainan Issues Spiritual Civilization Circular

HK0602072690 Haikou Hainan Provincial Service in Mandarin 2300 GMT 4 Feb 90

[Excerpts] Today, HAINAN RIBAO published on its front page a circular issued by the Hainan Provincial CPC Committee on 19 January 1990 on strengthening the building of the socialist spiritual civilization. The circular said that the building of spiritual civilization is an important component part of the overall building of the socialist modernization. Building a high degree of the socialist spiritual civilization is a manifestation of the superiority of the socialist system and is of vital importance to the entire socialist cause. In the course of Hainan's development and construction, actively carrying out the building of the socialist spiritual civilization is of great significance to adhering to "one center, two basic points;" maintaining a firm and correct political orientation; maintaining Hainan's social order; improving Hainan's investment environment; increasing Hainan's economic results; and promoting the development of Hainan's scientific, technological, and cultural undertakings.

The circular pointed out that in building the socialist spiritual civilization, the Hainan Special Economic Zone must steadfastly adhere to the spirit of the speech made by Comrade Jiang Zemin on the 40th anniversary of the founding of the PRC and to the spirit of the resolution adopted by the Sixth Plenary Session of the 13th CPC Central Committee concerning the guiding principle of building the socialist spiritual civilization. The Hainan Special Economic Zone must also adopt a clear-cut stand in opposing the ideology of bourgeois liberalization; strive to improve the ideological, ethical, and cultural qualities of the people of Hainan; and train a new generation of socialist people with ideals, moral integrity, cultural accomplishments, and disciplines.

The circular said that Hainan should state the specific requirements on its work of building the socialist spiritual civilization in light of its own development and construction and strive hard to build a prosperous, stable, advanced, and civilized Hainan Special Economic Zone.

The circular listed the following five specific tasks for the work of building the socialist spiritual civilization in Hainan: 1) To adhere to a correct political orientation and greatly develop Hainan's productive forces; 2) to develop the spirit of further exploration and hard work; 3) to proceed from the actual conditions and adhere to the scientific attitude of seeking truth from facts; 4) to actively improve the work attitude of Hainan's service trade and increase Hainan's work efficiency; and 5) to foster a new socialist mental outlook among the people of Hainan, eliminate all types malpractices and phenomena in Hainan, and crack down all types of criminal activities in Hainan.

The circular also demanded that the work of building the socialist spiritual civilization center on the following aspects: 1) To carry out education on the basic tenets of Marxism among the broad masses of cadres in a gradual and planned way; 2) to attach great importance to the education of the younger generations, especially to the ethical education of the younger generations; 3) to conscientiously and comprehensively improve the general mood of the society as well as the environment as a whole; 4) to greatly popularize science and technology in Hainan's rural areas; and 5) to conscientiously improve and strengthen Hainan's news reporting and publication work with a view to promoting the further development of Hainan's literary and artistic creation work and to enabling the socialist ideology to dominate Hainan's ideological and cultural fronts.

The circular demanded that all areas in Hainan tangibly strengthen leadership over the work of building the socialist spiritual civilization and constantly improve Hainan's work of building the socialist spiritual civilization.

The circular said that the CPC committees at all levels must place the work of building the socialist spiritual civilization on their agenda and list it in their work plan; formulate a clear-cut guiding principle; formulate and state specific plans and tasks aimed at promoting the work of building the socialist spiritual civilization; and advance specific measures for the implementation of the work.

The circular demanded that all the cities and units in Hainan timely establish and improve the leading organs in charge of the work of building the socialist spiritual civilization. [passage omitted]

The CPC organizations at all levels must play a leading role in promoting the building of the socialist spiritual civilization. All the CPC members and cadres must play an exemplary role in this regard. All the People's Liberation Army and People's Armed Police troops stationed in Hainan and all the frontier guards stationed in Hainan must actively help the local party and government organs at all levels in carrying out the building of the socialist spiritual civilization.

Hainan Issues Unlawful Gold Extraction Circular

HK2201140890 Haikou Hainan Provincial Service in Mandarin 0500 GMT 18 Jan 90

[Text] In order to conscientiously implement the PRC Law on Mineral Resources and the relevant state regulations on gold extraction and put an end to the chaotic and unlawful exploitation of the state-owned mineral resources, the Hainan Provincial People's Government has recently issued a circular on banning unlawful gold extraction.

The circular said that gold is a special mineral under state protection. The extraction of gold must be approved by the State Administration of Gold Control. The parties concerned must first of all go through the relevant registration procedures at the departments in charge of gold and mineral extraction and obtain a permit from such departments before embarking on extraction. Unlawful and unlicensed gold extraction must be strictly banned. The construction of gold mines must be preceded by a geological survey in this regard. The relevant gold mine construction plan must be submitted to the Hainan Provincial Commission on Mineral Resources for examination and approval. No unit or individual is allowed to embark on extraction without conducting a geological survey in advance. Those that have already entered the gold mining zone without official approval must immediately and unconditionally withdraw the gold mining zone. Those that refuse to withdraw from the said zone and those that have damaged the state-owned gold mineral resource must pay a fine. Those that have extracted gold by violating the law must be punished in accordance with the law and must surrender all the gold thus extracted to the banks. The circular stressed that resolute efforts must be made to ban such activities as the illegal sale of gold at a profit, the illegal processing of gold, and gold smuggling and that those involved in such illegal activities must surrender all their gold and illicit earnings to the state and must be punished in accordance with the law.

The circular also bans the cadres as well as the staff and workers of various state organs; enterprises; and undertakings at provincial, city, county, town, and township levels from becoming shareholders of various gold mines and from obtaining dividends from various gold mines and said that those found involving in such activities must be severely punished.

Henan Advisory Commission Chairman Die

HK0802154590 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 7 Feb 90

[Excerpts] A ceremony to pay last respects to deceased Comrade Yu Yichuan, an outstanding member of the CPC, a staunch communist fighter, a long-tested revolutionary leading cadre, and chairman of the Henan Provincial CPC Advisory Commission, was solemnly held at the provincial party committee auditorium on the morning of 7 February.

The mourning hall was filled with a solemn silence. With funeral music playing, more than 800 cadres and the masses, with heavy hearts, paid their last respects to the remains of Comrade Yu Yichuan and expressed sympathy to his children and other family members. [passage omitted]

Messages of condolence and wreaths were sent to the hall from the CPC Central Committee Organization Department and the Central Advisory Commission General Office, as well as from Comrades Qin Jiwei, Bo Yibo, Song Renqiong, Yu Qiuli, Zhang Jingfu, Chen Xilian, Duan Junyi, Xi Zhongxun, Wang Renzhong, Gu Mu, Chen Zaidao, Li Xuefeng and Yang Yichen. Wreaths were also presented by the Henan Provincial CPC Committee, the Henan Provincial Advisory Commission, the Henan Provincial People's Congress, the Henan Provincial People's Government, the Henan Provincial Chinese People's Political Consultative Conference Committee, the Henan Provincial Military District, and the Henan Provincial Discipline Inspection Commission, as well as party committees and governments of prefectures and cities, and organs directly under the provincial authorities, the Zhengzhou Railway Bureau, and the Zonghuan Petroleum Prospecting Bureau.

Yang Xizong, Cheng Weigao, Zhao Di, Yao Minxue, Hu Xiaoyun, Lin Yinghai, Zhang Zhigang, Dong Guoqing, Hou Zhiying, Qin Kecai, Song Zhaosu, (Liu Guangqiang), Han Jingcao, Zhang Chixia, Lin Xiao, (Yue Xiaoxian), (Cui Guanghua), (Yuan Long), Ji hanxing, (Wu Shaokui), Guo Peiyun, Fan Lian, Hu Tingji, Zhao Wenlong, Hu Tiyun, Yu Youxian, Liu Yuan, Yan Jimin, Zhao Zhengfu, Wei Qingong, Dong Minsheng, Zuo Mingsheng, Duan Zongsan, (Hu Jiajie), Liu Yujie, Li Guangsheng, (Zhao Wenfu), Song Yuxi, (Zhen Zengmao), (Xu Baoshan), and other comrades presented wreaths and also attended the ceremony. [passage omitted]

Henan Animal Husbandry Develops Rapidly

HK0602020790 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 4 Feb 90

[Text] Statistics issued by the Henan Provincial Statistics Bureau show that in 1989, Henan's animal husbandry witnessed rapid development. The total number of pigs, cattle, sheep that Henan had in 1989 topped 20 million, representing an increase of 3.19 million over the previous year. The pig, cattle, and sheep meat output reached 1.16 billion kilograms, representing a 21.4 percent increase over the previous year. Henan's total animal husbandry production output reached 8.9 billion yuan, accounting for 20 percent of its total agricultural output value.

In 1989, Henan also made much headway in its planting industry. Henan's good grain harvest also gave a powerful impetus to Henan's animal husbandry production development. Thanks to scientific management, improvement of the varieties of livestock, popularization of comprehensive rearing technology, and the shift from one type of forage to various types of forage, Henan's animal husbandry production developed on a solid foundation. Now animal husbandry has become a pillar of Henan's rural economy.

Hubei Reproves Economic Gains, Problems

HK1302060190 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 12 Feb 90

[Text] According to the results of a survey on eight major economic indicators recently released by the provincial Statistics Bureau, in 1989, social demand in the province was effectively controlled; investment in fixed assets was reduced; and the growth of consumption funds was slowed. As a result, initial results have been achieved in economic improvement and rectification. Nevertheless, some problems, such as a considerable drop in economic efficiency, have emerged in economic operation, so measures should be taken to improve it. In 1989, investment in fixed assets throughout the province was reduced and the investment structure was readjusted. Enterprises owned by the whole people made a total investment in fixed assets of 7.613 billion yuan, a drop of 22.5 percent over the preceeding year. With regard to the investment structure, the ratio of productive investment rose to 76.6 percent in 1989 from 76.3 percent in the previous year. There was an increase in investment in agriculture, energy, and post and communications. To reduce consumption funds, wages and bonuses were increased at a slower pace.

The survey also shows that the marked decline in economic results in 1989 found expression mainly in three aspects: 1) A drop in all-personnel labor productivity in industrial production; 2) a sharp increase in the cost of manufactured goods; and 3) a drop in tax/profit to consumption ratio and tax/profit to investment ratio.

Hubei Economic Situation Improves in 1989

HK2601135690 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 25 Jan 90

[Excerpts] The year of 1989 was the first year of improving the economic environment and rectifying the economic order.

According to figures revealed by the Provincial Statistics Bureau, after a year of economic improvement and rectification, the economic situation in our province is developing toward a favorable direction, with the emergence of an encouraging situation in four fields. 1) The situation of overheated industry and overcooled agriculture has been somewhat changed. The total output value of the province's agricultural production in 1989 amounted to 17.6 billion yuan, an increase of 5 percent over 1988, and there was an increase in the output of all major farm products with the exception of cotton. The grain output reached 23.7 million tons, 1.15 million tons more than the preceeding year, recording an all-time high. The total output of oil bearing crops came to 767,000 tons, 109,000 tons more than last year. [passage omitted] The speed of industry, which was too high, was put under control and a certain degree of growth was maintained. Industrial enterprises at and above the township level produced 65.466 billion yuan in 1989, an increase of 5.4 percent over 1988, and the growth rate went down by 11.6 percent over the previous year. [passage omitted] 2. Excessive demand was controlled and the scale of investment in fixed assets was considerably boiled down. The total investment in fixed assets in 1989 was 11.87 billion yuan, a drop of 25.9 percent over 1988. [passage omitted] 3. The overheated consumption was cooled down and price rises were lower than before. [passage omitted] In 1989 the total volume of retail sales was 36.113 billion yuan, increasing 8.5 percent over 1988, but the growth rate dropped 17 percent over the previous year. [passage omitted] 4) The monetary situation improved. The balance of bank loans in 1989 increased by 8.2 billion yuan, 1.847 billion yuan more than 1988. [passage omitted]

Hubei Discusses Means of Production Operation

HK0902143090 Wuhan Hubei Provincial Service in Mandarin 1000 GMT 8 Feb 90

[Text] Hubei Province has achieved gratifying results in implementing specialized operations of agricultural production means. The implementation of specialized operations of agricultural production means has put an end to the disorder once found in the circulation of these commodities and has gradually established a new order in the provincial market of agricultural production means.

So far, Hubei has had the business licenses of more than 8,300 units and individuals engaged in non-specialized operations of agricultural production means revoked, thus rationalizing the distribution of Hubei's limited agricultural production means through its specialized

distribution channels. This has led to a fall in the price index of these items. As a result, this year, the prices of Hubei's agricultural production means have gone up at a relatively slow rate, compared with last year.

Various areas of Hubei have also implemented a system under which such agricultural production means as chemical fertilizer, pesticides, and plastic film are sold at government prices, comprehensive prices, and ceiling prices. This has basically ended the disorder once found in the prices of agricultural production means. Various areas of Hubei have also strengthened their examination of the quality of chemical fertilizer and pesticides. This has basically ended the influx of false and substandard chemical fertilizer and pesticides in Hubei's rural areas and has eliminated all types of malpractices in this connection.

Today, Xiao Quantao, vice chairman of the Hubei Provincial People's Congress Standing Committee; Han Hongshu, vice governor of Hubei Province; and Han Wenqing, vice chairman of the Hubei Provincial CPPCC Committee, attended the Hubei provincial work meeting on specialized operation of agricultural production means and urged the broad masses of the staff and workers of various departments in charge of agricultural production means in Hubei to make continued efforts to further improve Hubei's specialized operations of agricultural production means this year.

Henan Agriculture Registers Improvements

OW0502112490 Beijing XINHUA Domestic Service in Chinese 0036 GMT 3 Feb 90

["Feature: After Reaching a New Peak, Henan Takes a Turn for the Better in Agriculture" by XINHUA reporters Zhao Derun (6392 1795 3389) and Zhang Yulin (1728 3768 2651)]

[Text] Zhengzhou, 3 Feb (XINHUA)—As far as China's big farming province, Henan, is concerned, to warmly praise its bumper harvest in 1989 is normal. During 1989, the grain output in the province reached 31.5 billion kg for the first time, a new peak after the the 1983 and 1987 bumper harvests. Compared with 1988, Henan's grain output in 1989 was 4.87 billion kg higher, marking an increase of 18.4 percent. Henan's rate of growth in 1989 was the highest among 30 provinces, autonomous regions, and municipalities. At the same time, overall increases were registered in the production of oil bearing crops, meat, tea, fruit, and vegetables, although cotton and tobacco production was slightly lower. When our reporters visited Henan's rural areas, peasants were all smiles, saying that they never had a better year.

However, the various meetings, newspapers, and radio and TV stations had downplayed this bumper harvest. On the basis of the random sampling method specified by the state, the provincial team for social and economic investigation in rural areas visited more than 19,000 plots in 42 counties and cities, and drew the conclusion that Henan's total grain output in 1989 exceeded 30 billion kg. Many news media units were ready to report on the news immediately. However, the secretaries of the provincial party committee and the governor, who had devised the strategies and worked hard for the good harvest "remained calm" and repeatedly warned people not to act hastily. They asked the agricultural and journalist departments not to be hasty in reporting this bumper harvest. On the eve of the national conference on regional development of agriculture at the end of 1989, Song Zhaosu, vice governor in charge of agriculture, told the staff members who drafted reports that they must play down and shorten their reports, and analyze matters objectively. Since the provincial authorities had set the basic policy of seeking truth from facts and leaving leeway, no cadres at the lower level dared talk a great deal about the bumper harvest. The 1989 bumper harvest was real, but words such as "abundant harvest" and "historical changes" were unheard. No one sang praises of the bumper harvest, because, although a record of high yields indeed brought about a new turn for the better, it did not reflect the actual achievements in agricultural production.

In analyzing the reasons for the bumper harvest, the agricultural department in the province regarded the "wonderful climate" as the first important factor in increased production. At the same time, it appropriately analyzed the principle of "attaching importance to both summer and autumn farming and working hard to achieve simultaneous development," and the role of the policy adjustment and other factors in increasing production. People said: This kind of analysis is realistic and convincing. Nowadays, the party Central Committee time and again promotes the principle of seeking truth from facts, and we should no longer sum up one experience after another when we reap a good harvest and blame everything on the "rare" natural disasters when we experience a production drop.

A year has passed. It is always good to look at the past. At the beginning of last year, the various departments under the provincial government worked out plans to increase agricultural investment and pledged to implement plans. Governor Cheng Weigao questioned all slogans, decisions, and plans. He personally presided over a meeting in May suggesting a "review of the past." Those who made false moves and paid lip service were stopped from doing so. He also ensured the allocation of 195 million yuan as funds for agricultural development. This fund was put to good use in agricultural production on various occasions.

New ideas have emerged among cadres at all levels. Such ideas are useful in objectively analyzing the reasons for the bumper harvest. More commendable was the fact that people had further realized gaps and potential crises. For example, there were not enough investments, and conditions for production were not good. Industries in support of agriculture were weak. Science and technology in rural areas were not well developed, and the management system was far from perfect. The area of

arable land was shrinking, while the population was expanding. All these factors directly affected the development of agricultural production in the province. If our efforts were slightly relaxed or the weather was slightly abnormal, there was always a danger that the grain output might drop from the new peak.

A new peak inspires people. A careful analysis and hard thinking in face of the peak will press people to forge ahead. It was precisely through this peak that the leading cadres at all levels in Henan Province saw the potential and hope in agricultural production.

Recently, Yang Xizong, secretary of the provincial party committee, told this reporter that the key weakness of Henan's agriculture lies in it having a poor infrastructure and not being capable of resisting natural disasters. For this reason, he said, it is imperative to uphold the guiding ideology of "self-reliance, hard pioneering work, scientific planning, and long-term struggle." He added that each term, the party committee and government should "make a comprehensive blueprint," and this practice should be carried on from term to term. Governor Cheng Weigao made the following proposal: In our province's economy, we should carry out the principle of "special policy, guaranteed development, and proper coordination" in dealing with agriculture. Under the circumstances of a tight financial budget, we should guarantee that the special agricultural fund is no less than 534 million yuan, which accounts for 28.5 percent of the total expenditure of our province and is five percent more than last year's figure. The provincial party committee and government have formulated a farmland and irrigation development program. If we carry out the projects listed in the program and continue working hard year after year, we shall be able to radically change Henan's passive situation, where the harvest depends on natural conditions, and bring our agriculture to new heights. In that case, it is quite possible that we shall raise our total grain output to 35 billion kilograms.

A policy decision based on reality is sure to meet the desire of the broad masses of the people, and certainly has great appeal and will unite the people as one. Following a 60-million-yuan increase in investment in water conservancy projects in 1988, the provincial authorities added another 40 million yuan to such investment last winter. Prefectural (city) and county financial departments set aside 125 million yuan from their tight budgets, and the peasants raised some 400 million yuan from their own resources to launch a winter campaign for the construction of farmland and water conservancy projects on the large expanse of the Central Plains. At the height of the campaign, 14.56 million people were working on the spot, and more than 340,000 projects of one kind or another were under construction. At that time, over 100,000 cadres were dispatched from leading departments at various levels. They were present at work sites, eating, living, and working with the civil workers. Principal leaders of party committees and governments at various levels also came out of their offices and went to forefront of water conservancy projects to direct the work on site. By the end of last year, 300,000 projects had been completed in the province, an additional 1.173 million mu of land had been put under effective irrigation, 853,000 mu had been provided with draining facilities, and nearly one million mu had become fields with guaranteed stable output, regardless of drought or excessive rainfall. When this reporter toured villages in various localities to gather news, many peasants said with delight: Now that the authorities at the higher level have made a real effort to develop agriculture, how can we peasants relax? If we all act in this way, it will be a strange thing if our agricultural production does not go up!

In conjunction with the vigorous construction of farmland and water conservancy projects is the development of agriculture with science and technology in various parts of Henan. This reporter interviewed cadres at various levels in many prefectures, cities, counties, and townships, and more often than not the conversation touched on the subject of bringing agriculture to a new level by relying on advanced science and technology. Indeed, wherever you go, whether it is eastern, western, northern, or southern Henan, you will feel the hot wave of using science and technology to develop agriculture. In Mengxian, Boai, Wuzhi, and Xunxian counties, located on the Yubei Pingyuan [North Henan Plain], counties noted for their high agricultural output, some county and township cadres told this reporter that they were aiming at building fields capable of yielding one metric ton of grain per mu. In Zhoukou Prefecture on the Yudong Pingyuan [East Henan Plain], rich experience has been gained in recent years in developing intensive farming on a limited acreage of land. Last year, 4.05 billion kilograms of grain were harvested from some 11 million mu of land.

Seeing the new scene of vigorous development of agriculture in Henan's rural areas and the modest and down-to-earth work style of cadres at all levels, we feel strongly that the people's thinking has apparently scaled new heights after agriculture reached a new high, and foretells another upturn in Henan's agriculture.

Hubei Power Plant's First Set Begins Operation

OW2101165390 Beijing XINHUA in English 1527 GMT 21 Jan 90

[Text] Wuhan, January 21 (XINHUA)—The first generating set of the Hanchuan Thermal Power Plant, one of China's several major power plants to be built during the 7th Five-Year Plan period (1986-1990), went into operation today.

With a capacity of 300,000 kilowatts, the generating set will produce 1.8 billion kilowatt-hour a year. This will help relieve serious shortage of electricity and promote the industrial and agricultural production in Hubei Province.

It took only two years to build the generating set, the shortest of its kind in the country so far.

The Hanchuan Power Plant is designed to have a total of four generating sets, each with a capacity of 300,000 kilowatts. The second generating set is expected to go into operation within this year.

Hunan Increases Metallurgical Output

HK0602063190 Changsha Hunan Provincial Service in Mandarin 2300 GMT 5 Feb 90

[Text] During the first spring of the 1990's, happy news on metallurgical industrial production in our province has been pouring in. In the course of fulfilling the task of examining and repairing equipment and facilities that was undertaken last year, metallurgical enterprises throughout the province have made efforts to do the work of starting production well to overcome the difficulties that arose from insufficient supplies of coking coal and funds. In January, their total production output value reached 119 million yuan or so, an increase of 22.32 percent over same period last year. Production output of pig iron, steel ignot, and ferroalloy also increased by a wide margin over same period last year.

While making arrangements for this year's work, the provincial Metallurgical Industrial Company always attached importance to "promptness." During the fourth quarter last year, it started the preparation of raw and processed materials for the first quarter this year. In December last year, it held a meeting attended by responsible persons of its subordinate enterprises to assign tasks and the main targets of management to these enterprises. The relevant subordinate enterprises also held representative assemblies of workers and staff members, or work meetings, to make arrangements in advance for production in the first quarter. Hengyang Steel Tube Plant and Zhuzhou Steel Plant overfulfilled the monthly plan for manufacturing products in short supply. Gold-producing enterprises throughout the province have won the first battle. Their production output value in January was 58.47 percent higher than the same period last year.

Hydropower Stations Add to Hunan Power Supply

HK0502140190 Changsha Hunan Provincial Service in Mandarin 2300 GMT 1 Feb 90

[Text] Last year, our province made gratifying achievements in the construction of small-scale hydropower, and 21 small hydropower stations with an installed capacity of 71,800 kilowatts were newly built and went into operation. Presently, our province has 7,372 small hydropower stations with an installed capacity of 1.24 million kilowatts, which accounts for 50 percent of the total installed capacity in the province and has become an important component of our province's power system. Last year, our province actively strengthened construction of a complete network of small hydropower stations, and over 50 percent of the counties in the province established economic integrated bodies for joint management and construction of power, as well as for joint generation, supply, and use of power.

At present, small hydropower stations have spread all over the province, and can also be found in mountain and rural areas. In the province, 99 percent of townships, 83 percent of villages, and 62 percent of rural households have power.

In the whole country, the 100 experimental counties designated for electrification approved by the State Council have also scored great results after five years of hard effort. Besides Lingxian County, Qianyang County, and Chengbu County, the projects in Cili County, Suining County, Mayang County, Zhijiang County, Lanshan County, Chen County, Dongkou County and Xupu County, have also been checked and accepted by the state. Up to now, our province has 11 counties fulfilling the targets. They are among the best in the whole country.

Southwest Region

Guizhou Foreign Insurance Business Flourishes

OW0702121790 Beijing XINHUA in English 0905 GMT 7 Feb 90

[Text] Guiyang, February 7 (XINHUA)—Revenue from the foreign insurance business of Guizhou Province, southwest China, reached 1.07 million U.S. dollars last year as against 2,000 U.S. dollars in 1979 when the business started.

An official of the Guizhou Provincial Insurance Company said the average annual rate of increase in the past 10 years was 72.8 percent. Meanwhile, the proportion of the province's insured import and export commodities rose from 10 percent to 75 percent.

In the past decade, the company has introduced new forms of insurance business, such as insurance for hotels and joint ventures. It has also striven to maintain its reputation for dealing with indemnities reasonably.

The company has established relations with more than 1,000 insurance businesses in more than 120 countries.

Guizhou Official Stresses Agricultural Tasks

HK0602135890 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 5 Feb 90

[Text] Yesterday evening, the Guizhou Provincial People's Government held a telephone meeting on strengthening spring ploughing production. Wang Anze, vice governor of Guizhou Province, spoke at the meeting.

Comrade Wang Anze said that doing a good job in the current agricultural production is the first step toward reaping a good agricultural harvest this year. Therefore, all areas and relevant departments must make every possible endeavor to firmly grasp current agricultural production. At present, Guizhou's agricultural production should mainly center on the following four aspects: 1) Grasp the opportune moment to complete the spring sowing on some 3.8, or possibly 4, million mu of

farmland within one month; 2) actively organize peasants to carry out tree planting activities in the spring season with a view to accelerating the pace of afforestation and accomplishing the task of planting trees on some 3.5 million mu of land. All relevant areas should undertake to examine and supervise afforestation and to ban all types of malpractices; 3) make continuous efforts to strengthen construction of farmland water conservancy projects. Guizhou Province has achieved some gratifying results in building farmland water conservancy projects over the past year. By 20 January this year, Guizhou had started construction of more than 57,000 farmland water conservancy projects. Guizhou had also increased its irrigation area by 0.369 million mu and invested over 65 million yuan in the construction of various farmland water conservancy projects. Some 36 counties in Guizhou have already invested over 70 percent of their total investment in the construction of various farmland water conservancy projects. At present, efforts must be concentrated on examining and repairing all existing water conservancy projects and irrigation networks; 4) carry out the spring ploughing, make all necessary preparations for the spring ploughing and sowing in a down-to-earth manner; carry out comprehensive harnessing of mountains, rivers, forests, farmland, soil, and roads; collect manure, make more compost from stalks, transform low-yield and middle-yield farmland into high-yield farmland, and raise the yield from Guizhou's high and stable farmland to half a mu per capita. This year, Guizhou has a surplus of hybrid rice strains but lacks hybrid maize strains. Under such circumstances, while speeding up the purchase and transportation of strains of hybrid maize, all relevant areas must popularize the technology of transplanting hybrid maize. This year, Guizhou must try to increase its growing area of transplanted hybrid maize to two million mu in order to save strains and reap a good harvest. All relevant areas should waste no time in raising rice seedlings.

Yesterday's telephone meeting was presided over by Wang Chaowen, governor of Guizhou Province. Comrade Wang Chaowen also delivered a speech

Sichuan Industry Maintains Growth Rate

HK1801014790 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 13 Jan 90

[Text] According to SICHUAN RIBAO, statistics issued by the Sichuan Provincial Statistics Bureau show that in December, 1989, Sichuan's industrial production registered a 1.15-percent increase after witnessing no increase for three successive months.

Sichuan's annual industrial output value in 1989 stood at 67.234 billion yuan, representing a 4.24-percent increase over 1988 and a 13.22-percent decrease, compared with its planned annual industrial output value.

These figures show that Sichuan's over-heated industrial development was slowed down and that Sichuan's industry maintained an appropriate growth in 1989.

Sichuan Reports Increased 1989 Revenue

HK2201000690 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 16 Jan 90

[Text] As revealed in the on-going provincial conference on finance and taxation, the financial and taxation departments in the province, in the process of economic improvement and rectification, have achieved great success in increasing revenue, reducing expenditure, and strengthening financial and taxation management. As a result, in 1989, the province's gross financial revenue increased by 24.4 percent over the previous year and managed to maintain a general balance between revenue and expenditure. Last year, financial and taxation organs at all levels in the province and the vast number of cadres and staff of these organs conscientiously implemented measures for increasing revenue and reducing expenditure; upheld the principle of managing taxation affairs according to the law; made special efforts to sort out and straighten up taxation affairs concerning individual households and township and town enterprises, thus ensuring prompt collection of taxes.

Sichuan Active in Overseas Economic Cooperation

OW1801215190 Beijing XINHUA in English 1444 GMT 18 Jan 90

[Text] Chengdu, January 18 (XINHUA)—Last year about 7,000 foreigners, Overseas Chinese, and compatriots from Hong Kong and Macao visited southwest China's Sichuan Province and established cultural, scientific and technological, and trade relations with the province.

Meanwhile, Sichuan sent 5,700 people abroad either for visiting, inspection, study or work.

This was revealed by Li Changchun, the province's foreign affairs office director, at a five-day conference here recently.

Li said that three cities in Sichuan—Mianyang, Dujiangyan and Guanghan—became sister-cities of one Canadian and two Japanese cities, respectively, last year.

In addition, he said, the province held scientific and technological exhibitions abroad, and an international dragon boat festival at home.

Sichuan Completes Key Construction Projects

HK0502140590 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 2 Feb 90

[Text] According to a report by SICHUAN RIBAO, the relevant departments in our province have cooperated fully with each other in overcoming difficulties and maintaining the key projects with a single mind and concerted effort. They have enabled the construction of key projects across the province to make progress along with economic improvement and rectification.

As of the end of last year, the 38 key projects across the province had completed the annual investment schemes in a sum of 3.22 billion yuan, which accounted for 99.1 percent of the annual plan. Last year represented the best year over the last few years in terms of fulfilling the investment plans. Most of the key construction projects which have been completed according to plan, or basically completed, attained the desired targets. They have provided new productive forces for our province.

Owing to support from various quarters, the expansion project of the (Baima) Power Station has been completed and put into operation. The (Honghua) alkaline project in Zigong City has been turned over to the provincial authorities and has started production. The project of the (Zhangbei) Machinery Plant has been completed and put to use. The No 4 furnace covered by the second phase of the (Canggeng) project, and other projects including the (Erfan) Pentoxide Workshop, the (Yanghua) and (Luoguo) workshops of (Deyang) Pesticide Factory workshop have all been completed and put into operation. The highway project linking Chengdu with (Dajian) in (Xinjing) has basically been completed, and the expansion projects of (Zhangyou) Power Plant and Chengdu Thermal Power Plant have progressed smoothly and will soon be able to carry out combined electric energy production.

Sichuan Increases Natural Gas Production

OW1501165190 Beijing XINHUA in English 1515 GMT 15 Jan 90

[Text] Chengdu, January 15 (XINHUA)—The output of natural gas in Sichuan Province in southwest China reached 6.2 billion cubic meters last year, 260 million cubic meters more than in 1988.

The announcement was made by Jiang Changan, director of the provincial administration of petroleum.

He expects the province's output of natural gas will amount to 6.5 billion cubic meters in 1990. He added, efforts would be made to locate more deposits of natural gas in the province.

With more than 2,000 years of history in utilizing natural gas, Sichuan Province is now a major natural gas producer in China. Both its proven reserves and annual output of natural gas account for over 50 percent of the country's total.

Tibet Reports 1989 Agricultural Progress

HK2201124690 Beijing RENMIN RIBAO in Chinese 14 Jan 90 p 1

[Report by Lu Xiaofei (4151 1420 7378): "Overcoming Riots and Natural Disasters—Tibet's Agricultural Production and Animal Husbandry Are Growing Steadily"]

[Text] Lhasa, 13 Jan—Under continuous turmoil, and natural disasters in some local areas, Tibet's various agricultural and animal husbandry productive missions last year all basically reached their targets on schedule. Moreover, there was a moderate increase over the previous year.

According to sources, gross grain output of the entire region was 532 million kg, 5 percent more than the previous year, a record high. Cotton production fared equally well with the previous year; and the production of oil, meat, dairy products, and forestry products has increased, as has the production of township and town enterprises. Per capita income rose by 2.6 percent.

Concerned personnel consider last year's increase primarily a result of the integrated improvement.

From the highest to the lowest levels of the regional administration, great importance was attached to agricultural production and animal husbandry. Most of the areas of the region practiced the post responsibility system, with one tier hierarchically responsible for another, ensuring that there would always be one who assumed the final responsibility.

Scientific technology was extended and popularized in relatively advanced counties and cities, with 1.8 million mu of fields planted with improved seeds, 540,000 mu more than the previous year; 700,000 mu was given guidance by technical personnel, resulting in an average 30 to 50 kg production increase per mu. The protection of plants was strengthened, and the areas covered by the plant disease prevention efforts were extended to 1 million mu. In addition, arid farming technology has been extended in some areas.

Tibet Reaps Bumper Harvest of Oil-bearing Crops

HK2301031790 Lhasa Tibet Regional Service in Mandarin 1430 GMT 19 Jan 90

[Excerpts] Lhasa City has reaped a bumper harvest of edible oil crops, setting a record. In the year of good harvest, the whole city has made rapid progress in the procurement of grain and oil-bearing crops, the quality of which is good. A gratifying situation in which the quality of grain and oil-bearing crops is better than in the previous years has emerged.

To do a good job in the procurement of grain and oil-bearing crops, Lhasa City Grain Bureau has demanded that all counties and districts grasp this year's procurement work firmly and well. [passage omitted] The grain procurement departments of all counties must extend their working hours on their own initiative, set up additional procurement networks and centers, and send procurement detachments to procure grain and oil-bearing crops from the peasants in remote border mountain areas which lack transport facilities. This will greatly facilitate the procurement of grain and oil-bearing crops from the peasants. [passage omitted]

Bureau Reports Yunnan Economic Statistics

HK0802155390 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 7 Feb 90

[Excerpts] According to news released from a joint press briefing given by the provincial statistics bureau and the provincial press and publication bureau, the province achieved initial results in its economic improvement and rectification in 1989. As a result, the province's economy is developing in a favorable direction but some knotty problems affecting economic stability are still unresolved. Adequate attention must be given to seriously ironing out those contradictions—new and old—which are comingled. The main indications that the province's economy is developing in a favorable direction are: 1) The scale of investment in fixed assets has been cut and rising consumer demand has been curbed; 2) Social effective supply has increased and the contradiction between supply and demand has been alleviated. The agricultural output value of the province in 1989 was 9.039 billion yuan, an increase of 3.2 percent over the preceding year. Grain output topped 9.9688 million tons, 558,800 tons more than the previous year and close to the 1984 record. The industrial growth rate obviously dropped down but the industrial output value totalled 118.674 billion yuan, a rise of 6.1 percent over last year; 3) The economy is growing continuously and the improper balance of major sectors of the economy has been somewhat improved. The province's GNP in 1989 was 29.3 billion yuan and the national income was 26.1 billion yuan, increases of 4.7 and 4.2 percent respectively. The ratio of industrial growth rate to that of agriculture has been readjusted from 2.73:1 in 1988 to 1.91:1 in 1989. Energy production has increased and the ratio of production to the GNP increased from 0.23:1 in 1988 to 1.38:1 in 1989; 4) Financial revenue has risen and surplus paper money is being gradually withdrawn. Financial revenue in 1989 was 6.195 billion yuan, overfulfilling the year's plan [passage omitted]; 5) The urban and rural markets are stable and improvement has been made in the supply of grain, salt, eggs, vegetables, and other things closely related to the people's lives. The rate of price rises in 1989 was 0.3 percent less than the preceding year.

The major problems that our province still faces are that the contradiction that agriculture is not suited to the economic development as a whole is still acute and the weak agricultural situation has not yet been changed. In addition, the heavy market has led to operating under capacity in many enterprises, obvious decrease in economic returns, and increasing pressure on unemployment.

Yunnan Rural Economy Improves in 1989

HK1302071190 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 12 Feb 90

[Excerpts] While improving the economic environment, rectifying the economic order, and deepening the reform in 1989, our province strengthened the position of agriculture as the foundation of the national economy and carried out a special policy of investment in agricultural production so that the rural economy could develop in a sustained and stable way.

The gross social product in rural areas in 1989 for the first time topped 21.76 billion yuan. Calculated in terms of comparable items, it increased by 6.5 percent over 1988. The primary, secondary, and tertiary industries in the rural areas of our province all had been growing steadily. The total grain output came to 12 million tons, 600,000 tons more than in 1988. [passage omitted] The output of pork, beef, and mutton reached 680,000 tons, an increase of 5.6 percent over 1988. The amount of livestock was also larger than in 1988. Despite difficulties in funds, raw materials, and marketing, township and town enterprises earned a total of 6.6 billion yuan, fulfilling the annual plan and representing an increase of 13 percent, compared with 1988. Except for that of rapeseed, plans for other major cash crops, such as cured tobacco, tea, and rubber, were all fulfilled or overfulfilled. The per-capita net income of peasants throughout the province in 1989 was 477 yuan, 11 yuan more than 1988. The percentage of poor peasant households in the province continued to drop, and peasant households whose per-capita net income was more than 500 yuan increased by five percent.

Yunnan Cites Improvement, Rectification Results

HK3001050790 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 29 Jan 90

[Text] According to statistics issued by the provincial Statistics Bureau, provincial Economic Commission, provincial Planning Commission, provincial Financial Bureau, and the Yunnan Branch of the People's Bank, last year our province achieved certain results in economic improvement and rectification. Our investment in fixed assets was reduced, the market was stabilized, savings deposits by urban and rural residents increased by a big margin, and the growth in consumption funds was effectively controlled. However, our industrial production economic results were not ideal, and improvement must be made in this regard.

In 1989, the investment in fixed assets by units under ownership by the whole people was 3.788 billion yuan, 14.6 percent less than in 1988. Local investment totalled 2.411 billion yuan, 17.7 percent less than in 1988. The total wages of workers and staff members throughout the province in 1989 were 5.233 billion yuan, 11.1 percent higher than in 1988. The margin of increase in wages for workers and staff members decreased monthly. The margin of increase at the end of the year was 11.4 percent lower than in February.

What merits our attention at present is that we must speed up our structural readjustment, strengthen management, and change the decline in industrial production economic results. Last year, the budgetary profit and tax rate on sales in state-owned industrial enterprises

throughout the province was 20.08 percent, 0.54 percent less than in 1988. Our profit rate on funds was 20.35 percent, 0.61 percent less than in 1988. However, our costs for comparable products increased by 19.6 percent.

Yunnan Reports 1989 Agricultural Output

HK0202045790 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 1 Feb 90

[Text] The provincial Statistics Department revealed that the agricultural total output value of our province in 1989 was expected to reach 9.03 billion yuan in the constant value of 1980, an increase of 280 million yuan over 1988. This has brought about an all-around development of agriculture, forestry, animal husbandry, sideline produce, and fisheries in our province.

The output value of farm production in 1989 topped 5.13 billion yuan, 110 million yuan more than in the previous year; the output value of forestry came to 760 million yuan, 36 million yuan more than last year's amount; the output value of animal husbandry amounted to 1.98 billion yuan, 85 million yuan more; sideline occupation produced 1.09 billion yuan, 45 million yuan more; and fisheries yielded 55 million yuan, 5 million more than in the proceeding year.

Yunnan Takes Steps To End Deforestation

HK2301032590 Kunming Yunnan Provincial Service in Mandarin 1100 GMT 20 Jan 90

[Excerpts] The Yunnan Provincial People's Government has recently taken resolute measures to put an end to the denudation of the state-owned forests in Mile County.

On 10 January, provincial government leaders, headed by Bao Yongkang, vice governor of Yunnan Province, rushed to Mile County to supervise the work in person.

Since October 1989, a handful of lawless people in Mile County have induced a number of others to illegally enter a state-owned forest zone in Mile County to fell and steal trees and timber. These lawless people also beat up the public security personnel who try to stop them. [passage omitted]

So far, some 5,400 mu of state-owned forests in Mile County have been damaged and some 8,800 cubic meters of timber have been stolen.

On the afternoon of 18 January 1990, the Yunan Provincial People's Government held an emergency meeting presided over by He Zhiqiang, governor of Yunnan Province, and attended by the responsible members from the appropriate departments to study and finalize measures to end the denudation of state-owned forests. [passage omitted]

North Region

Beijing Military Region Organs Cut Expenses

OW0701083490 Beijing XINHUA Domestic Service in Chinese 0743 GMT 5 Jan 90

[By reporter Chen Hui (7115 6540) and correspondent Wang Gongshe (3769 0361 4357)]

[Text] Beijing, 5 Jan—Leading organs at all levels of the Beijing Military Region reduced their own outlays and expenditures to spend funds on construction for units at the grass-roots level in a bid to improve the material and cultural living conditions of their commanders and fighters in 1989.

The localities of the units of the Beijing Military Region are scattered over various areas; as such, the material and cultural living conditions of a number of units at the grass-roots level are comparatively poor. To improve the situation, every unit tightened control over the distribution of their outlays by reducing funds for and expenditures of organs to ensure adequate funds for units at the grass-roots level. According to statistics, the efforts of every unit to successively scrap a number of capital construction projects and organs' office building projects and generally cut down expenditures for procurement of commodities under special control, as well as organs' office operations, resulted in saving a total of over 70 million yuan. Meanwhile, over 360 million yuan were appropriated from the income coming from production and extra-budgetary outlays to be used for improving material and cultural living conditions for units at the grass-roots level. The potable water shortage problem was solved for 130,000 men. Cultural activities, such as television, films, and newspapers, were provided for the fighters on the whole. The overwhelming majority of units at the brigade and regiment levels built their own chicken farms, pig farms, feed processing factories, and life service centers; as a result, the level of self-sufficiency in the supply of non-staple food was raised and the living conditions of cadres and fighters were generally improved.

Beijing Textile Firm Doubles Export Earnings

OW1201081590 Beijing XINHUA in English 0720 GMT 12 Jan 90

[Text] Beijing, January 12 (XINHUA)—Beijing's textile exports have doubled their foreign exchange earnings in the past four years, exceeding 300 million U.S. dollars in 1989.

Xu Qingwei, manager of the Beijing Textile Corporation, said his corporation sold export commodities worth 1.15 billion yuan last year, a 16 percent increase over 1988.

Moreover, the export rate of printed, dyed and knitted products have also increased, Xu said, adding that these

products have been exported to the U.S., Japan, Hong Kong and 40 other countries and regions.

Xu said that seven textile factories and enterprise groups which had been allowed to import and export on their own have earned 30 million U.S. dollars.

Xu said that his corporation would make efforts to improve the processing quality and produce more high-grade products to promote textile exports.

Hebei Organizes Grass-Roots Spring Festivities

HK1501044190 Beijing RENMIN RIBAO in Chinese 9 Jan 90 p 6

[XINHUA report: "Cadres in Hebei Province Go to Grass-Roots Level To Arrange Spring Festivities"]

[Text] Shijiazhuang, 8 Jan (XINHUA)—At present, urban and rural people in Hebei Province are preparing to celebrate the Spring Festival with jubilation. In the past few days, leading cadres of party and government institutions at all levels in this province have gone to factories, mines, villages, schools, and shops to help the masses solve the difficulties in their livelihood and to help the grass-roots units arrange festivities.

Recently, the Hebei Provincial CPC Committee and Provincial Government issued a circular and held a telephone conference. They decided to require party organizations and governments and leading cadres in various localities of the whole province to take the initiative in helping the masses solve the difficulties in their livelihood and to help grass-roots units organize festivities as a concrete step to improve their work style. In Jingjing County, which is subordinate to Shijiazhuang City and is located in the mountainous area of Taihangshan, the masses in more than 80 out of the 318 villages had difficulties in their livelihood. Before New Year's Day 1990, the city party committee and the city government in Shijiazhuang specially organized a donations collection activity for the poverty-stricken mountainous areas. The people in Shijiazhuang donated more than 80,000 items of clothing and bedding. A few days ago, the donations were delivered to the peasants in the mountainous area by a work team that was led by some city leaders.

The Hebei Provincial CPC Committee and Provincial Government have also arranged the work of supporting the Army and assisting soldiers' families. The provincial leadership decided to set up a delegation, headed by provincial Secretary Xing Chongzhi, to convey greetings and appreciation to the troops stationed in Hebei. Governments in all prefectures and cities also set up their own delegations. The party and government leading organs in Baoding and Tangshan decided to visit all military units stationed in their localities and discuss with them issues concerning relations between the local civilian governments and the military units and between civilians and troops. They also decided to visit military hospitals and sanatoriums and to express solicitude and appreciation to the wounded and sick soldiers, the disabled and retired soldiers, the veteran soldiers of the Red Army, the people's heroes, the martyrs' families, and the retired cadres. At the same time, they will examine the implementation of the rules for issuing pensions to these people.

In many factories, mines, and villages, the masses are mobilized to participate in the organization of the festivities, so that all people will be able to enjoy the festive occasion. In Xinji City, which is renowned for its colorful folk art activities, the people are preparing for a variety of festivities with the participation of both professional and amateur troupes. The city plans to hold its first Spring Festival Temple Fair. Some professional art troupes from other provinces will be invited to stage performances during the fair. In the Fengfeng mining district, located in a remote mountainous area, party and administrative leaders also attached importance to the organization of festivities. They held meetings to study the plans for organizing art performances, calligraphy contests, quizzes, and a cartoon exhibition among the miners. They assigned cadres to take charge of the preparation of the materials needed for the festive occasion and to take charge of the rehearsals for the performances.

Hebei Secretary Delivers Speech at Party Plenum

SK1401221090 Shijiazhuang HEBEI RIBAO in Chinese 10 Dec 89 pp 1, 2

["Excerpts" of speech given by Xing Chongzhi, secretary of the Hebei Provincial party committee, at the Eighth Enlarged Plenary Session of the Third Hebei Provincial CPC committee on 30 November 1989, entitled: "Strengthening Leadership, Unifying Understanding, and Striving To Fulfill All Tasks in Favor of Improvement, Rectification, and Deepening of Reform"]

[Text] The central topic for discussion at this enlarged plenary session of the provincial party committee is to study ways to successfully implement the guidelines of the Fifth Plenary Session of the 13th CPC Central Committee. Before the session, the party committees at all levels had already begun to relay and study the documents of the fifth plenary session and made good preparations to successfully hold this session. Through study and discussions, all members unanimously supported the decision adopted at the plenary session on readjusting members of the Central Military Commission of the CPC Central Committee, and agreed to the plenary session's appraisal of Comrade Deng Xiaoping's outstanding contributions. They extended their sincere admiration and reverence to Comrade Deng Xiaoping, who has displayed the broad mind, noble character, and sterling integrity of a proletarian revolutionary by resigning from his post as chairman of the Central Military Commission; decided to study Comrade Xiaoping's works in a better manner; and unswervingly carried out the cause of building socialism with Chinese characteristics through to the end. All comrades unanimously

supported the "decision of the CPC Central Committee on further improving the economic environment, rectifying economic order, and deepening reform" which was adopted at the fifth plenary session and held that the series of important policy decisions put forward by the "decision" under the serious economic difficulties facing China were very necessary and correct.

This has a major and profound significance in consolidating and developing a stable situation throughout the whole country, overcoming the temporary economic difficulties, and promoting socialist construction and the reform undertakings. This plenary session has conscientiously studied some "measures and resolutions" for implementing the "decision" in our province and the participating comrades have offered many good opinions which will be submitted to the plenary session for adoption after revision. At present, in line with the opinions expressed by the standing committee of the provincial party committee, I would like to touch on several issues on how to guarantee the smooth progress of the province's campaign to further improve the economic environment, rectify economic order, and deepen reform.

1. Unswervingly Shift the Focus of Economic Work to Further Improvement, Rectification, and Deepening of Reform

During the past year and more since the Third Plenary Session of the 13th CPC Central Committee, our province has achieved initial results in improvement, rectification, and deepening of reform. The trend of excessively rapid price hikes has been alleviated and the scope of investment in fixed assets has been initially controlled. Marked progress has been made in screening and reorganizing companies; industrial production has shifted from excessively rapid development to steady growth. In agriculture, where there were serious disasters in some areas, the total grain output during the year still reached the same level as that of last year. We should fully affirm these achievements. However, we should also sober-mindedly recognize that the problems and difficulties in our current economic life are still very serious and the tasks of improvement and rectification have remained arduous. As far as the cadres at all levels are concerned, particularly leading cadres at and above the county level, the first problem they must solve in the course of implementing the fifth plenary session is to unswervingly shift the focus of economic work to further improvement, rectification, and deepening of reform in terms of their ideology and action. The problems which should be solved during improvement and rectification were accumulated over many years. Solving them will be very difficult. It is impossible to solve them within a short time. We must grasp them conscientiously as an important task which we must not skip during a certain stage.

Economy is the foundation and politics is a concentrated manifestation of the economy. An unstable economy will surely lead to instability in the political situation and social peace. As a result, it will be difficult to consolidate not only the achievements in the 10 years of reform and opening up but also to attain the grand objective of quadrupling the total GNP by the end of this century. This will greatly harm the reputation of our country's socialism. Therefore, improvement and rectification is not only an economic issue but also a political one. This is where the fundamental interests of our party, the country, and the masses of people lie. At present, many of our comrades have failed to approach this issue from this perspective and have obstructed the change of focus in economic work. Cadres at all levels should further study documents of the fifth plenary session in close connection with the reality of their own ideology and work and should enhance their consciousness in implementing the "decision" of the CPC Central Committee. In this connection, we should saliently solve the ideological problems in the following three aspects:

First, we should solve the problem of underestimating the difficulties in the economy. Serious economic difficulties as analyzed at the Fifth Plenary Session of the 13th CPC Central Committee also exist in our province. These difficulties have yet to be fully understood by our comrades, and some hidden contradictions have yet to be fully exposed. The problems and difficulties in the national economy, in the final analysis, are the result of demand outstripping supply and the excessive proportion of the national income earmarked for consumption. The province's demand outstrips its supply, and the rate of the difference between supply and demand is 16 percent. Such an excessive demand, which goes beyond the production development level, leads to overissuance of money and an increase of deficits and debts and is manifested in sharp price rises. Meanwhile, we should note that the imbalance between total supply and total demand also reflects the irrational industrial composition and insufficient supply of essential goods.

In the first three years of the Seventh 5-Year Plan period, the province's agricultural output value increased by 3.5 percent every year and its industrial output value increased by 16.3 percent. The development of industry and agriculture was not balanced. In industry itself, the processing industry was developed too rapidly; energy, raw material, and other basic industries were relatively stagnant; the mining industry made no progress in three years; shortages of raw coal grew gradually; and the output of electricity, despite the fact that it rose by 9.8 percent every year, still failed to satisfy the needs of various fields. Stagnant development of agriculture and basic industries has led to an overall strained supply of grain, cotton, energy resources, and raw materials. Now the endeavor to improve and rectify, while aiming at further checking demand, has entered the crucial stage for adjusting the industrial composition and improving economic results and has become more difficult because of its more demanding tasks. At present, some comrades, because they lack an adequate understanding of the problems and difficulties that concern the whole situation, have the idea of leaving things to chance, holding

that problems and difficulties "will pass as long as they endure them a little," remain indifferent to studying ways to eliminate difficulties, and lack the foresight and preparations for possible new problems. This is very harmful. Of course, while fully estimating problems and difficulties, we should also clearly see that our difficulties are temporary ones cropping up in the course of progress. Practice after the fourth plenary session of the party Central Committee has proven that the work of the party Central Committee with Comrade Jiang Zemin as its core has been fruitful and its leadership has been effective. With the correct leadership of the party Central Committee, the tremendous achievements in the 10-year reform, the experiences in several economic adjustments, and the ability to solve problems by ourselves, we have the confidence and the favorable conditions to overcome and extricate ourselves from difficulties, and any ideas of passiveness, pessimism, and inertia are groundless.

Second, we should solve the problem of improperly leaning toward the part and the individual when handling the relationship in terms of interests. The 10-year reform, adjustment of the structure of distribution, and change of the excessive centralization and control by the state have been correct and necessary. The current problem is that the state has too little of the revenue under its control, and enterprises, especially individuals, have rather excessive income. In addition, the phenomenon of unfair distribution exists. This is the major pattern of earmarking an excessive proportion of the national income for consumption. Compared with 1979, the proportion of the revenue going to the national income from our province declined by 13.04 percent in 1988. In the period for improvement and rectification, we should adjust such an irrational distribution and the relationship among other fields in terms of interests. Therefore, all localities, units, cadres, and the public should bear the overall situation firmly in mind; correctly handle the relationship between the parts and the whole; and take the initiative in subordinating the interests of the parts to the interests of the whole, subordinating immediate interests to long-term interests, and subordinating individual interests to collective interests. We should overcome the fear of "suffering losses." To ensure the interests of the whole, it is proper for the interests of the part and the individual to make some concessions and sacrifice; and when the interests of the whole are damaged, the interests of the part and the individual will ultimately be damaged. Of course, stressing the interests of the whole never means to go back to the old road of excessive centralization. Instead, it means proper centralization with consideration given to the interests of the parts. Only in this way can we arouse the enthusiasm of various fields and make a success of the endeavor to improve and rectify with concerted steps with the guidance of central principles and policies.

Third, we wish to deal with the problem of setting the task of improving the economic environment and rectifying economic order against that of deepening the reform drive. Some comrades have contended that the task of improving the environment and rectifying order has hindered that of deepening the reform drive, and have even regarded the task of improving the environment and rectifying order as that of turning back to the old system. They are wrong, and both the tasks of improving the environment and rectifying order as well as of deepening the reform drive are dialectically unified. On the one hand, the task of improving the environment and rectifying order needs coordination with that of deepening the reform drive; meanwhile, some measures covered by the task just represent the content of deepening the reform drive.

On the other hand, it is necessary for the task of improving the environment and rectifying order to create conditions for deepening the reform drive and achieving healthy development. Through improving the environment and rectifying order, we should curtail the excessive demands, reduce the scale of price hikes year after year, and relieve the contradiction of gross demand surpassing gross supply. Efforts should be made to readjust the structure of the national economy so as to enable the proportional relations to be gradually made more harmonious and increase the volume of effective supplies. We should basically bring about a change to the chaotic order in the distribution field and gradually establish an order which is in conformity with the planned commodity economy. This indicates that the task of improving the environment and rectifying order must on no account avoid the reform or lead to retreat, and that the task itself represents a practical step toward the drive to achieve deep development. It was misunderstood by some comrades that the cessation of delegating rights, allowing profit retention to enterprises, and the curtailment of credits meant giving up the reform drive. As a matter of fact, delegating rights and allowing profit retention to enterprises represent a reform. However, we must note that relaxing the macroeconomic control has brought about many problems. Our current practice of enhancing or improving macroeconomic control, conducting guidance of microeconomic activities, and of gradually orienting the socialist commodity economy on track along with the planned economy and market regulation also represents a reform—a complicated reform.

Therefore, tasks for improving the environment, rectifying order, and deepening the reform drive are totally identical and by no means should we set them against each other. As the CPC Central Committee pointed out, adopting a negative attitude toward the task of improving the environment and rectifying order is also adopting a negative attitude toward reform. If our cadres at all levels are truly enthusiastic toward reform, they must be enthusiastic about improving the environment and rectifying order. While conducting their practical work, they should regard as important the problems which have simultaneously cropped up in improving the environment, rectifying order, and deepening the reform drive, and should earnestly study and deal with them. Efforts should be made to have the targets and basic

measures to improve the environment, rectify order, and deepen the reform drive combine and serve each other. Meanwhile, we should pave a road of advance for deepening the reform drive through improving the environment and rectifying order.

In order to shift the focus of economic work onto the tasks of improving the environment, rectifying order, and deepening the reform drive, party committees and governments at all levels, based on unifying understanding, should define their goals, firmly grasp the focal points, formulate measures, and implement a division of responsibility so as to foster coordinated forces from top to bottom everywhere throughout the province to improve the environment, rectify order, and deepen the reform drive. We will formulate "several measures and resolutions" for the province to implement the "decision" adopted by the CPC Central Committee. Various prefectures, cities, and counties, in line with their reality, should work out their own regulations to earnestly and successfully implement these measures and resolutions. This should be done without fail. 2. Adopt Every Possible Way and Means To Ensure That the National Economy Achieves Sustained, Stable, and Harmonious Development

The fundamental purpose of improving the environment, rectifying order, and deepening the reform drive is to have the national economy achieve sustained, stable, and harmonious development over a long time. To this end, it is imperative to integrate the province's actual situation with the spirit of the Fifth Plenary Session of the 13th CPC Central Committee, to firmly foster the idea of maintaining a comprehensive balance and stable progress, and to uphold the principle of doing everything in line with the objective laws and by proceeding from reality. During the period of improving the environment and rectifying order or after the fulfillment of tasks to improve the environment and rectify order, we must uphold the principle of achiving sustained, stable, and harmonious development for a long time. In curtailing financial resources and credits, attention should be paid to maintaining an adequate speed in economic growth and preventing economic slowdown. This is a foundation or guarantee for increasing financial revenue and stabilizing commodity prices and the people's livelihood. On the premise of increasing economic results in 1990, we should strive to score a 5-6 percent increase in the province's gross national product and national income, around an 8 percent increase in industrial production, a 4 percent increase in agricultural production, and a more than 10 percent increase in town-run enterprise production. Meanwhile, efforts should be made to actively expand the measures to open the province to the outside world and to do a good job in operating the Qin-Tang-Cang economic development zone so as to ensure a stable increase in foreign trade and in economic exchanges with foreign countries.

The fifth plenary session maintained that over the past 40 years, our country has made great economic achievements. However, there were many mistakes. The most important lessons we learned were that economic development was often divorced from the national situation and surpassed national strength due to overanxiety for quick results, and there were major ups and downs. Since 1956, our national economic structure has been forced to make large-scale readjustments on three occasions. However, the readjustments were caused by the guiding ideology of being overanxious for quick results and the efforts to blindly make economic progress. Although the background and conditions of the ongoing economic readjustment are different from those of the previous two readjustments, it is hard to avoid paying gigantic prices. So, we should proceed from the actual conditions of the province and the localities, conscientiously sum up experiences and lessons, eliminate the idea of being overanxious for quick results, strive to capitalize on what we have paid, and ensure we embark on a plan to develop the national economy in a sustained, steady, and harmonious manner. This is an important work task that should be attended to in the course of implementing the guidelines of the fifth plenary session.

How can we persist in the principle of sustained, steady, and coordinated development in the period of improving the economic environment and rectifying the economic order? In line with the experiences and lessons gained by the province, the provincial party committee held that we should better handle relationships in the following five spheres.

On the relationship between demand and possibility: We have repeatedly made mistakes in organizing and guiding economic work due to overanxiety for quick results. One of the important reasons was that we only paid attention to demand to the neglect of possibility. Because of our subjective aspirations and strained financial situation, we always have the notion of accelerating the pace of production and construction. Particularly after the Third Plenary Session of the 11th CPC Central Committee, our province made a late start in terms of economic development. As a result, we were overanxious to make progress and keep abreast of the times. So, the comrades at the lower levels were also affected by such an idea. The provincial party committee should bear the responsibility. We should say that the people's enthusiasm for changing the backward situation is understandable. We must always be unwilling to lag behind and must be ready to make efforts to catch up with the advanced. But our thinking and action cannot go against the objective reality, our subjective activity should be restricted by objective laws, and our subjective demand must be based on real possibilities. This is the basic general principle of Marxism and Leninism. We often ignore the objective conditions and our demands often surpass our capacity due to our overanxiety for quick results. Haste makes waste. As a result, the enthusiasm of the cadres and the masses will be dampened and we will be penalized by economic laws. So, in carrying out economic work, we should always link the subjective point of view with the objective one and combine demand with possibility instead of one-sidedly seeking

excessively high development speed. Of course, it does not mean that the lower the speed, the better the situation will be. We should positively strive to progress as rapidly as is realistically possible.

On the relationship between speed and results: Over the last decade of reforms, the rate of the province's economic development over the last four years was higher than that in the first six years. However, the economic results were not changed noticeably. Take the material consumption rate of the province's total output as an example; in 1984 it was 53.6 percent, and in 1988 it was 58.2 percent. The increase caused the national income to drop by more than 6 billion yuan annually. Another example was that the sale profit tax rate of the industries at or above the township level in 1984 was 21.31 percent and that in 1988 it had fallen to 15.57 percent. This resulted in a profit tax drop of 3.28 billion yuan annually, equal to a half of the province's revenue. Although there were factors that were not comparable—such as the changes in the industrial structure, the product mix, and the economic policies—the results cannot be divorced from all professions and trades, as well as from all the enterprises' failures to effectively ensure economic results, particularly the overall results. At present, when the economic growth rate slows, we should all the more focus economic work on improving economic results, improve economic results by improving management and structure instead of accelerating the growth rate, and conscientiously overcome the tendency to stress the growth rate to the neglect of economic results and the tendency to stress launching new projects to the neglect of improving technology and management. We should pay attention to the two links of strengthening management and facilitating technological progress and greatly improve the quality of enterprises. We should strengthen the basic work of enterprises, upgrade their management level, reduce their material consumption and production cost, improve their quality, and change the phenomenon of replacing management with contracts at the enterprises operated under contract. We should implement the strategic principle of developing Hebei through science and technology in all seriousness, and strive to expand the role of scientific and technological progress in developing the national economy. Based on their respective characteristics, production, circulation, construction, administration, and other fields should work out their own targets for the "double-increase and double-reduction" campaign for the next two years, conduct inspections on a regular basis, pay close attention to their fulfillment, and take them as important criteria for evaluating the performance of managers and leaders of various units.

On the relationship between development and reduction: Development and reduction are the necessary prerequisites for economic adjustment. They supplement each other, and without necessary reduction, we cannot achieve development more successfully. In the process of adjustment, some aspects should be reduced and be reduced adequately. For example, demands for investment and consumption should be reduced resolutely; enterprises that have been developed at random regardless of the industrial policy and those that lack necessary conditions for production should be closed down, suspend their production be merged, or change or reduce their production; finance and credit should be tightened up; and administrative funds should be reduced. Only with necessary reduction in these aspects can we guarantee continued development as much as possible in other fields, such as agriculture, energy resources, transportation and telecommunications, raw material and other basic industries, science and technology, education, daily necessities, and export products. We should particularly promote agriculture in the period for improvement and rectification. Prefectures and counties should devote their major efforts to agricultural development, especially the development of grain, cotton, and oil-bearing crops. We should stabilize and improve the various rural policies, establish and improve multiform agricultural service systems, establish a mechanism under which investment in agriculture is made mainly by peasants, greatly develop agricultural capital construction, and strive to bring our province's agriculture up to a new stage at an early date. Prefectural and county enterprises should actively tap their internal potential and survive through improvement of management. We should support the key enterprises that conform to the industrial policy. With regard to township enterprises, we should actively give guidance to them in line with the principle of "adjustment, consolidation, transformation and improvement"; strengthen their management; and help them develop in a healthy manner. We should continue the policy of simultaneously developing township-run, village-run, combined household-run and family-run enterprises and pay attention to making collective enterprises successful. In short, with regard to development and reduction, we should follow the industrial policy of the state and the province and resolutely develop the projects that should be developed and reduce those that should be reduced to ensure the smooth progress of economic adjustment.

On the relationship between production and distribution: Production depends on distribution which in turn affects production. Governments at various levels and their subordinate economic departments should pay attention both to production and to distribution when organizing and guiding economic work. They should have a correct analysis and understanding of the current sluggish market and the increased backlog of goods in enterprises. The sluggish market results both from the measures to improve and rectify—such as reduction of demand and inflation proof savings deposits which have promoted the stability of market—and from the reaction of last year's panic buying and some unsalable and high-priced shoddy goods. Therefore, the sluggish market has both a negative and positive influence. We should also recognize that the contradictions of the overall demand being greater than the overall supply has not yet been alleviated, and the gap between the available amount of commodities and the purchasing power is still very big. Moreover, not all the localities and all commodities are

suffering from a slump at present. Some products—such as grain, cotton, edible oil and some textile products, manufactured goods for daily use, and industrial products for farm use—are not abundant. Therefore, the market slump is just a temporary phenomenon. We must not treat the market problems lightly. In order to eliminate the passive influence in production caused by the market slump, industrial and commercial enterprises should strengthen cooperation in the spirit of jointly sharing profits and shouldering risks and exert joint efforts to promote sales. While actively organizing the sale of products at their disposal, industrial enterprises should strive to increase product designs and varieties, produce more readily marketable products, and enhance their competitive ability. The commercial departments should fully display their regulatory role as the "cisterns," actively purchase products produced by the province, and vigorously organize industrial products in the rural areas. All wholesale and retail units should realistically improve their service attitude, raise their service quality, strive to buy and sell more, and alleviate the contradictions in the overstock of finished industrial goods.

On the relationship between macroeconomic control and microeconomic invigoration: The central link of economic structural reform is aimed at strengthening enterprise vitality and enabling large and medium-sized state-run enterprises to realistically become relatively independent entities in the commodity economy that are responsible for their own management, profits, and losses. Only by invigorating the microeconomy can we make the macroeconomy become an organic whole with vigor and vitality. If we depart from invigorating the microeconomy but stress macroeconomic regulation and control, we will return to the disastrous path in which "the economy becomes stagnant when we tighten control." Therefore, our past practice of invigorating the microeconomy is correct. We should persist in this practice in the days to come. We should adopt supportive policies among the large and medium-sized state-run enterprises according to the merits of their cases in order to fully display their key role. But the degree of invigorating the microeconomy should be restricted by our ability to regulate and control the macroeconomy. Practice showed that if we depart from the ability to regulate and control the macroeconomy and arbitrarily invigorate the microeconomy, chaotic economic order will emerge. In improvement and rectification, we should gradually establish a macroeconomic regulation and control system which is suitable for combining the planned economy with market regulation and comprehensively applying the economic, administrative, legal and educational means. We should actively and regularly conduct small readjustments in order to avoid passivity and major readjustments. At present, the governments at all levels and all responsible economic departments should pay attention to fully displaying their guiding, coordinated service and supervisory roles and create good conditions for production in enterprises. We should strive to end the situation in which there are barriers and contradictions between different departments and regions and strengthen mutual understanding, mutual cooperation, and mutual support between the local authorities and departments and between departments themselves so that they can exert joint efforts to accomplish their tasks. It is necessary to enhance our sense of service, strengthen the deployment work, and promptly help enterprises eliminate misgivings and difficulties. We should constantly and accurately grasp the new situation and problems cropping up in improvement and rectification, clarify the reasons, adopt effective measures, and properly solve them. The present tasks of clearing up defaults, withdrawing loans and collecting taxes and all sorts of debts which urgently need repayment should be attended to by the governments at all levels. They should organize departments concerned and comprehensively apply all means to tackle the work with joint efforts.

To successively handle the relationship in the aforementioned aspects, we should always pay attention to opposing subjectism and implementing the ideological line of seeking truth from facts. The principle of achieving a sustained, steady and coordinated economic development is a realistic principle that conforms with our national condition and national strength. Only by handling the relations in various economic sectors under this principle and carrying out democratic and scientific policymaking can we avoid great setbacks in economic construction and gradually enter on a normal path of development.

We Should Exert Great Efforts to Create a Stable Political Environment for the Endeavor to Improve and Rectify

For a period in the recent past, Comrade Deng Xiaoping time and again stressed: "Concerning the issues of China, an overriding one is the need for stability. Without a stable environment, everything will fall through." Judging either from the macrointernational climate and the lesson of the recent turmoil and even the counterrevolutionary rebellion that occurred in the country, or from the various tasks that we should fulfill, maintaining a long period of stability in the society of our country is the most crucial and important issue, and we should place stability above everything else. Economic stability and development are the foundation for the stability and development of the entire society and require a stable and united political environment as a prerequisite. Therefore, we should further consolidate and develop the stable and ur[illegible] situation and create a stable political environment for the endeavor to improve, rectify and deepen reform.

We should continue to conduct in-depth and persistent education on the political situation with adherence to the four cardinal principles and oppostion to bourgeois liberalization as the central content. The four cardinal principles are the political foundation for maintaining the stability and unity of the entire society, and the rampant spread of bourgeois liberalization was the

source of the turmoil. The turbulence of varying degrees that appeared in China's political situation in the past few years was due to our failure to persistently adhere to the four cardinal principles and to take a clear-cut stand to struggle against bourgeois liberalization. We should always remember this lesson and unremittingly persist in the education and struggle to adhere to the four cardinal principles and oppose bourgeois liberalization. We should continue to intensify the ideological education of schools at various levels, especially among young students at colleges and universities, and carry it out on a regular basis to enhance their ability to discern bourgeois liberalization and the "peaceful evolution" of imperialists.

We should conscientiously organize well the education on the economic situation, focusing on the endeavor to improve, rectify and deepen reform. At present, many people have a confused and even erroneous understanding of the economic situation and the principles and policies adopted by the central authorities. This affects the stability of the people's feelings. Therefore, party committees at various levels should guide cadres and the public to correctly understand the mainstream of the current economic situation; assess the existing problems and difficulties as they are; fully note the favorable conditions to overcome difficulties; and then eliminate misgivings and doubts, enhance confidence, unify thinking and action, and resolutely and successfully carry out the endeavor to improve, rectify and deepen reform . In conducting the education on the economic situation, the major work at present is to conscientiously organize well the relay and study of the documents of the Fifth Plenary Session of the 13th CPC Central Committee, combine them with the previous study of Comrade Xiaoping's several important speeches and Comrade Jiang Zemin's speech at the rally in celebration of the 40th anniversary of the founding of the country, and achieve mastery through comprehensive study. When the relay and study activities are completed among leading cadres and leading organs at various levels, we should launch study and propaganda activities at urban and rural grass-roots levels and among the masses. All localities should make arrangements for education and conscientiously organize its enforcement among students, first of all students of schools of higher learning; staff members and workers of enterprises, especially large and medium-sized key enterprises; and party members and cadres of rural areas, mainly those at the grass-roots levels of townships and villages.

Correct guidance by the media has a very important significance in ensuring the stability of the political situation. Newspapers, periodicals, and radio and television departments at various levels should play a good role as the spokesman of the party, the government, and the people during the activities to study and publicize the guidelines of the fifth plenary session of the party Central Committee. Newspapers, periodicals, and radio and television departments at various levels should conscientiously do a good job in giving guidance through the media in line with the principle of first maintaining stability and then arousing the people's spirit and the principle of taking positive propaganda as the main form. We should use the scientific methods of dialectical materialism and historical materialism to guide propaganda through the media and guard against metaphysics, one-sidedness, absoluteness, and sporadic ways of conducting propaganda so as to avoid initiating unnecessary confusion in thinking and theory. The achievements in improving the economic environment, straightening out the economic order, and deepening the reform should be fully reported; and the difficulties and problems existing in economic work should be reported appropriately, with focus on reporting the countermeasures, methods, and actions for overcoming difficulties. Attention should be paid to disseminating and reporting advanced examples emerging on all fronts and at all fields in a bid to summon up the revolutionary spirit of cadres and the masses throughout the province and encourage them to work selflessly and unitedly to improve the economic environment, straighten out the economic order, and deepen reform.

The various social contradictions which will probably emerge in the improvement of the economic environment and straightening out of the economic order should be properly handled. With the implementation of a series of measures to improve the economic environment and straighten out the economic order, some new problems will occur. For instance, some enterprises which are in disagreement with production policies will be closed down, suspended, merged, or transferred to other units; and some enterprises which totally or partly hold up their production for lacking production quotas will witness increased pressure from labor employment and will evoke ideological problems among their workers and staff members as a result of curbing consumption funds. Failing to solve such problems well will result in their becoming a factor for instability in society. To counter this, party organizations at all levels should attach high importance to these problems and strive to solve them appropriately. In addition, party organizations should strengthen ideological and political work; should educate the large number of workers and staff members to accurately handle the relations among the interests of the state, enterprises, and workers; should educate them with a sense of responsibility as being the masters; and should make them more conscious in surmounting difficulties together with the party and the government.

At the same time, party organizations should explore possible paths to employ workers in many fields so as to give all the people something to do and ensure they have enough to eat. The surplus work force of those enterprises which completely or partially held up their production should be organized to run diversified occupations, engage in public welfare work, maintain equipment, make an inventory of warehouses, repair old equipment, make use of waste, and improve the environment of plant areas. These surplus workers should also be organized to attend technical and political

training classes so as to improve their quality. Those peasant workers cut from the reduced capital construction projects and those surplus workers and staff members of town and township enterprises should be mobilized to return to their villages to engage in agricultural production. For unemployed urban youths, employment channels should be opened—as many as possible—in such things as developing the tertiary industries, increasing commercial and service centers, initiatng some construcuion projects which need less investment and employ more workers, and developing the production of labor-intensive products. Appropriate arrangements should be made for the livelihood of the people in disaster areas. Close attention should be paid to grasping the social trends so as to prevent persons with ulterior motives from seizing the current problems to foment discord and stir up trouble among workers and staff members. Such kind of problems should be solved with resolute measures as soon as they are discovered.

We should make great efforts to strengthen the comprehensive administration of public security and social order with a view to maintaining social stability. At the moment, the social order is basicaly stable throughout the province; the overall situation, however, remains very grim. For instance, the number of major criminal cases is tending to increase; the "six vices,"—prostitution, producing, marketing, and spreading obscene articles, abducting and selling women and children, privately growing, taking, and trafficking in narcotics, assembling for gambling, and utilizing feudal superstition to gain property by cheating and hurting people—is tending to spread in some localities; activities of the reactionary religious groups and secret societies have not been eliminated despite repeated probihitions; and the hostile forces in foreign countries, Taiwan, and Hong Kong, are strengthening their infiltration into our country. All of them are seriously detrimental to our social stability. Therefore, party committees and governments must strengthen their leadership over the political and legal work and the work concerning the armed forces of the people and should try their best to maintain the stability in social order by regarding it as an important work to stabilize the political situation. In line with the unified arrangements of the State Council, all departments should make concerted efforts to resolutely eliminate the "six vices," to strictly ferret out and seal off those centers which indulge in the "six vices," and to punish according to law those offenders who violate the criminal law. We should make continued efforts to penetratingly launch the antipornographic campaign, consolidate the achievements already scored in this campaign, and take advantage of the current momentum to deeply uproot the "source of pornography" and deal stern blows to the handful of criminals who manufacture and market obscene articles. Continued efforts should be made to deal stern blows to all kinds of serious criminal activities, economic crimes which endanger social security, and all kinds of counterrevolutionary sabotage activities.

We should combine the work of "bringing about a temporary solution" with that of "taking radical measures," conscientiously strengthen the work to comprehensively improve social security, mobilize the strength of all trades and professions, and maintain coordination with all quarters to manage our work with concerted efforts. We should establish and improve the grass-roots security organizations, people's mediation organizations, and mass autonomous organizations in the urban and rural areas and form a mass defense and security organizational network. Continued efforts should be made to extensively conduct education on the legal system and professional ethics and enhance the people's sense of the socialist legal system and morality. The idle people in society are the "groups in society" who can easily induce instability. Party committees and governments at all levels and all departments concerned should realistically strengthen education and management of these people. We should pay attention to strengthening education on national defense among the broad masses of cadres, enhance our alertness, and resolutely struggle against all subversive and sabotage activities launched by foreign hostile forces. It is necessary to exert strenuous efforts to strengthen the building of security ranks and the militia, continue to improve their political and professional level, and make new contributions to safeguarding social security. 4. We Should Pay Attention to the Grass Roots and Implement the Party's Principles and Tasks in Places Where Needed

At present, the broad masses of grass-roots cadres throughout the province have exerted painstaking efforts to carry out their work. However, an inspection of our leaders at all levels showed that the tendency to neglect grass-roots work still exist in many localities. In the course of implementating policies at the grass roots, some policies of the central authorities and of the province were "held up" or "had changed shape." Particularly during the relay of policies from the rural areas to townships, blockage will occur, thus making it impossible for us to implement the policies in villages and to make them known to every household. The arduous tasks of improvement and rectification have further acutely exposed the problems in grass-roots work. Now it is time for us to grasp these problems.

The key to grasping the grass roots lies in successfully building the grass-roots party organizations and giving full play to their role. In his speech at the national conference of directors of the propaganda departments held in August this year, Comrade Jiang Zemin pointed out: "Where is the source of strength of the party? It comes from the grass roots." He explicitly called for efforts to "fully display the political key role of the party organizations at all levels." Although there are differences in the functions and tasks of the grass-roots party organizations in the rural areas, neighborhoods, enterprises and establishments, all of them should fully display their political key role. This role mainly finds expression in the following: The grass-roots party organizations should guide the ideological and political work

of their own units; make decisions or participate in making decisions on some major problems of their own units; guarantee and supervise the implementation of the principles and policies of the party and the state; select, train, inspect and supervise cadres in line with their limits of authority to manage cadres; and strengthen leadership over the trade unions, Communist Youth League [CYL] committees, the women's federations and other mass organizations. To achieve the aforementioned few points, party organizations at all levels should implement the principle of "having the party to handle party affairs" and strive to grasp the building of ideology, organizations, and work style of the grass-roots organizations. The grass-roots party organizations should all the more consciously strengthen self-cultivation and fulfill their role as the fighting bastions and as the vanguard and exemplary role of party members.

In the course of improvement and rectification, the responsibilities of enterprise party organizations will be heavy and their tasks will be arduous. In this connection, we must correctly handle the relations between the enterprise party organizations and administrative leaders. During the past few years, particularly during the time when Comrade Zhao Ziyang took charge of the work of the party Central Committee, we weakened the party's leadership and the ideological and political work. Now it is very necessary for us to stress the political key status of the enterprise party organizations and their leading role in ideological and political work. Particularly during the current situation when there are many problems and difficulties facing enterprises, it is all the more necessary for us to display the political advantages of the enterprise party organizations, strengthen the party's ideological and political work, wholeheartedly rely on the working class, and guide the workers to overcome difficulties of enterprises with an attitude of being masters of their own affairs. Stressing the political key status of the enterprise party organizations certainly does not mean a return to the old system of making the party committees take full charge of everything. The plant director (manager) responsibility system should be upheld continuously. The plant director (manager) remains the legal representative of the enterprise and is entitled to exercise his position, power, and unified leadership in operating and managing the enterprise, directing production, and developing technologies. The party organization of the enterprise should go all out to support and coordiante the work of the plant director and should correctly exercise its position and power of supervision. To sum up, all party and government leaders of the enterprise should give consideration to the overall situation, attach importance to the fundamental interests of the party and the people, pay attention to the construction and development of the enterprise, and strengthen the unity and struggle side by side to create a new situation in which the enterprise not only engages in production but also educates workers through improving the economic environment and straightening out the economic order.

We should strengthen the building of the party and political power organizations at the grass-roots level in rural areas. At present, quite a few town and township party committees are unable to concentrate their energies on grasping the building of village party branches because they are tied up with too many administrative affairs; and many town and township political power organs are unable to effectively organize the socialized services which are urgently needed by the masses because of their imperfect functions, thus leading to the weakening of the town and township work. This is the grave consequence of the negligence of the party and the government in conducting grass-roots work. To change such a situation, various localities have conducted positive reforms and explorations over the past few years and have gained some beneficial experiences. For instance, they have implemented the system of linking performances with remunerations and the system of quota management and responsibility among town and township cadres; have subjected the organs stationed in townships and towns which were directly under the jurisdiction of the county authorities to the administration by town and township authorities, or exercised dual leadership in such organs; and have positively and appropriately conducted the work of abolishing districts, incorporating townships, and expanding the scale of towns. All these experiences are conducive to strengthening the functions and vitality of towns and townships and thus should be summarized and popularized by various localities. From now on, we should also release, in a planned manner, competent cadres from the organs at or above the county levels and transfer them to towns and townships to strengthen their work. Leading cadres at the county level should primarily be selected from the outstanding cadres at the town or township level. In selecting and appointing responsible cadres for the organs directly under the jurisdiction of the county authorities, the cadres should generally be required to have at least two years of work experience in towns and townships. All localities should conscientiously study how to strengthen the management of town and township work and should formulate and perfect the supporting measures to stabilize and improve the quality of cadres' ranks. In the course of building the party and government organs of towns and townships, all localities should strengthen the building of party branches in villages and should give full play to their role as the nucleus of leadership. This winter and spring, all prefectures and counties should organize special forces to conscientiously reorganize those village party branches which are listless in organization, lax in discipline, and backward in playing their due role in order to change the backwardness as quickly as possible.

One of the important measures to strengtehn the grass-roots work is to send cadres of leading organs to grass-roots areas. Every year during the period of improving the economic environment and straightening out the economic order, party committees, governments, and their functional departments from the provincial to the prefectural, city, and county levels should all dispatch a

large number of cadres to such grass-roots units as villages, plants, shops, and schools with the purpose of helping them establish good leading bodies. The cadres transferred to the grass-roots areas should be subject to the leadership of the local party committees, and a strict assessment system should be implemented among them. In transferring cadres to grass-roots areas, the focus should be placed on the rural areas. In the past, quite a few cadres transferred to the grass-roots areas concentrated their major energies on seeking more money, materials, and projects from higher authorities for the grass-roots areas. From now on, such a phenomenon should be avoided as much as possible. The cadres transferred to the grass-roots areas should concentrate their major energies on helping grass-roots areas build a strong party branch, establish and perfect the cooperative service organizations, and find the path for common prosperity. Tranferring cadres to grass-roots areas is a major affair which involves many fields and allows no delay. Party committees of provincial-level organs and of various prefectures, cities, and counties should all make arrangements for this work as quickly as possible to yield practical results.

5. We Should Conscientiously Strengthen and Improve Party Leadership Over the Work To Improve and Rectify.

The arduousness and complexity of the endeavor to improve, rectify, and deepen reform urgently requires strengthened and improved party leadership and accelerated efforts to improve the way of thinking and organization of the party. Only with these fundamental guarantees can the various work to improve, rectify, and deepen reform be developed in a healthy manner and yield the expected returns.

We should conscientiously improve leading bodies. The provincial party committee has already worked out and transmitted to lower levels the regulations on improving the way of thinking of the party committees at the county level, and all localities should conscientiously put them into effect. Party committees of more than 160 counties (cities) and districts under the jurisdiction of cities throughout the province will hold end-of-term elections in the near future. We should do a good job in checking the political quality of the candidates so that leading power at various levels is truly held by cadres with both political integrity and ability, who uphold the four cardinal principles, and who persist in reform and opening up. Before the end-of-term elections, leading cadres should be evaluated in the process of the investigation and clean-up work, and the transfer of cadres should be continued successfully. At present, when judging whether a leading body is combat effective, we should first see whether it is united and capable of leading the cadres and the public in conscientiously implementing the "decision" of the party Central Committee. New leading bodies after the elections should place the endeavor to strengthen unity in an important position as soon as they start work; and their members should respect, understand, support, and learn from one another, and synthesize their wisdom and ability to achieve success in the various work to improve, rectify, and deepen reform.

We should strengthen the centralism and unity of the party and its organization and discipline. Over the past few years, some of our leading cadres have developed a vague concept of the party's organization and discipline. A very bad trend has grown: that is, instead of resolutely and conscientiously carrying out the policies and work arrangements of the party Central Committee and higher levels from the perspective of the overall situation, these cadres proceed from local interest and adopt a pragmatic attitude to carry out the policies and arrangements in a way that suits themselves. They even "have their countermeasures against the policies from the higher authorities," thus leading to ever more serious decentralization and selfish departmentalism. If such problems are left unsolved, the tasks to improve, rectify, and deepening reform cannot be fulfilled. All the Communist Party members, especially leading cadres with party membership, should resolutely implement the policy decisions of the central and higher authorities. They should not pay lip service only without taking real action, nor be dilatory on the excuse of their own "peculiar circumstances." Even less should they feign compliance and act their own way; otherwise, they will be punished according to disciplinary action. Of course, in implementing the instructions of the central and higher authorities, we should not implement them mechanically. Instead, we should proceed from actual conditions, have definite objectives in mind, and work in a creative manner. We should uphold the principle of democratic centralism and the principle of the party's collective leadership. All major issues should be decided after collective discussions by party committees. All the members of party committees, including the "chiefs," are equal at the discussions; the minority should be subordinated to the majority when decisions are made; and the practice of letting one person alone have the final say is never permitted. After decisions are made, all leading members should resolutely implement them according to the division of individual responsibility, and they should never be allowed to act their own way. Local party committees at various levels should help the governments at the corresponding levels establish administrative authority and make sure that all their orders and prohibitions are implemented and all their words count.

We should forge closer flesh-and-blood ties between the party and the masses and further carry forward the spirit of self-reliance, plain living, and hard struggle. In the process of the improvement, rectification, and deepening of reform, party committees at various levels are confronted with a complicated and difficult situation, and the so-called "economic sanctions" imposed by the international monopoly capitalists make our difficulties even more serious. Comrade Jiang Zemin pointed out: "The wisdom and leadership art of leading persons are reflected particularly in whether they have the ability to discover and solve problems when encountering difficulties, and whether they have the ability to unite the

masses to overcome difficulties." Leading cadres at all levels should strive to fulfill the requirements of the party Central Committee with their actual deeds. Believing in and relying on the masses, maintaining close ties with them, upholding the line of our work of "getting the opinions of the masses and referring them back to the masses," sharing their conforts and hardships, and fighting in unity are always the sources of strength for overcoming difficulties, turning danger into safety, and achieving the party's fine work style which we must uphold and promote. Cadres at all levels, particularly leading cadres, should consider this endeavour of improvement and rectification as a turning point and strive to improve their own ideology and work style. We should firmly foster the guiding ideology that "leadership is service," serve the grass roots and the masses, manage things justly, pay attention to actual results, exert utmost efforts to help the grass roots and the masses of people eliminate misgivings and difficulties, and do substantial and good deeds. We should free ourselves from the shackles of "numerous documents and meetings" and administrative affairs, frequently go to the masses and the grass roots, actively promote the practice of conducting investigations and study, and strive to understand their actual situations to discover new problems and to sum up new experiences. The provincial party committee has called on leading comrades of the provincial, prefectural, and city party committees to devote a period ranging from two to three months every year to conducting investigations and study. Leading comrades of the county party committees and the functional departments at all levels should devote more time to visiting the grass roots. Upholding the principle of urging cadres to participate in collective labor is an important measure for maintaining ties between the party and the masses. The party and government leading organs at all levels should make arrangements for this and restore this fine tradition as soon as possible. We should conscientiously implement where needed the demand of the central authorities on leading an austere life for several years during the improvement and rectification period. Leading organs and cadres should take the lead in promoting the work style of self-reliance and arduous struggle; be industrious and thrifty in managing a household, handling political affairs, and running all undertakings; and oppose the practices of going for showy displays, parading one's wealth, and the unhealthy trend of engaging in extravagance and waste.

Continuously attending to the building of clean politics and overcoming corrupt phenomena are an important link for strengthening the fresh-and blood ties between the party and the masses. Party committees at all levels have achieved noticeable results in grasping the building of clean politics, but we must not be satisfied with this. At present, some people have maintained that after the fifth plenary session, it should be time to concentrate their efforts on economic work and that they should slacken their efforts in the anticorruption struggle; some have attributed all the difficulties in the production and operation of enterprises to the anticorruption work. These ways of thinking are all wrong. Anticorruption is a long-term fighting task. All party members and state personnel should maintain administrative honesty at all time. All enterprises should also do so without exception and should overcome the unhealthy trend that nothing will be accomplished without giving gifts. Of course, it is necessary to allow enterprises to have social intercourse during their normal business activities. In this connection, all localities should strictly check unhealthy trends and should make relevant stipulations in line with the principle of practicing economy. At present, we should continue to make strenuous efforts to check the unhealthy trends of leading organs, departments in charge of finance and materials supply, law enforcement departments, and units in charge of public utilities undertakings and continue to strictly investigate and handle all sorts of cases, particularly major and appalling cases concerning corruption, bribe-taking, extortion of money from the people, and profiteering. During the course of improvement and rectification, we should pay attention to exploring, establishing, and improving rules and systems in favor of overcoming all sorts of corrupt phonomena. Continued efforts should be made to extensively mobilize and encourage the masses to report and expose all illegal acts and strictly forbid retaliation and toleration of the evil. In addition, we should watch out for some persons who may take an advantage to bring a false charge against some good comrades. After being verified, those who purposely lodge false accusations against others must be dealt with in line with party discipline, administrative discipline, or the law and discipline.

We should strengthen the study of Marxist theory; strive to grasp the Marxist stand, viewpoint, and method; and strive to improve leadership expertise. Without theoretical accomplishment and thinking, a responsible cadre is hard pressed to fulfill his arduous task in an outstanding manner. At present, many of our comrades have not systematically studied the fundamental works of Marxism or have failed to make good use of Marxist works even though they have studied them. As a result, they have manifested in their practical work such subjective and metaphysical phenomena as acting presumptiously and one-sidedly, concentratingly on one thing only, and going to extremes. All these problems should be solved through strengthening the study of theory and through the tempering it in practice. In studying Marxism, we should first study the Marxist philosophy well. Marxist philosophy is not only the world outlook of the proletariat, but also a great source of knowledge in scientifically observing and solving problems. As Comrade Chen Yun pointed out, if we study philosophy well, we will benefit from it all our lives. All levels of cadres, leading cadres in particular, should conscientiously and realistically read some works of Marx, Lenin, and Comrade Mao Zedong; study Comrade Xiaoping's theory of building socialism with Chinese characteristics; and exert real efforts in thoroughly understanding these works and theory. They should strive to understand the

basic viewpoints and methods of dialectical materialism and historical materialism, such as combining the subjective with the objective, the views concerning practice, the views concerning contradictions, the dialectical and comprehensive point of view, the historical point of view, the views concerning productive forces, the views concerning the masses, and the views concerning the analysis of class. At the same time, we should specifically apply and repeatedly practice these basic viewpoints and methods in line with the existing reality in ideology and work. This is the only way to make our work more closely conform to principles, more systematic, more scientific, and more predictable. The provincial party committee has expressed hope that party committees at all levels will immediately map out specific arrangements and plans for the major event of theoretical study, and leading bodies will take the lead in studying theories so as to create a strong atmosphere of studying and researching Marxism throughout the province.

Comrades, the Fifth Plenary Session of the 13th CPC Central Committee has pointed out the direction of advance for us. With a positive and active spirit, we should attend to study and practice simultaneously and should give priority to solving those urgent problems which can be solved. In addition to doing this year's work well, we should prepare early and well for next year's industrial and agricultural production. So long as we closly rally around the party Central Committee headed by Comrade Jiang Zemin together with the vast number of cadres and the masses within and outside the party, and so long as we reach unanimity in understanding and action and quietly immerse ourselves in hard work, we will certainly be able to eliminate all difficulties and advance the province's undertakings to improve the economic environment, straighten out the economic order, carry out reform, and open to the outside world.

Rectification Boosts Hebei Industry

OW2101081790 Beijing XINHUA in English 0134 GMT 21 Jan 90

[Text] Shijiazhuang, January 21 (XINHUA)—The industrial output value of Hebei Province, north China, reached a record 102.6 billion yuan last year, 8.8 percent more than the previous year, thanks to rectification measures.

A local government spokesman said that last year they cut investment in fixed assets by five billion yuan, down 30 percent from the previous year. Investment in the coal industry increased by 11.4 percent, and that in the oil and power industries increased by 450 percent and 54.3 percent respectively. Output by key industries, such as iron and steel, cement, yarn and fertilizers and consumer goods, increased due to large supplies of funds, energy resources and raw materials.

Industrial enterprises have improved management, upgraded facilities and adjusted product mix. Through merger and combination, a number of conglomerates with stronger competitiveness have been set up.

While many rural enterprises ran into problems in other parts of China, the peasant-run enterprises in Hebei have enjoyed new development, he said. The industrial output value of these enterprises increased to 34 billion yuan last year, 20.1 percent more than the previous year.

Hebei Reports Exported Commodity Earnings

OW0502181090 Beijing XINHUA in English 1451 GMT 5 Feb 90

[Text] Beijing, February 5 (XINHUA)—The export earnings of north China's Hebei Province reached 1.63 billion U.S. dollars from the sales of 1,000 kinds of commodities last year, according to the OVERSEAS EDITION of today's "PEOPLE'S DAILY".

During the past ten years the province has paid attention to the development of bases for producing export commodities, and invested 600 million yuan (about 128 million U.S. dollars) and five million U.S. dollars in the construction of 225 enterprises, including co-operative and foreign-funded enterprises.

At present, the province has trade relations with more than 120 countries and regions.

In 1989 alone, the province set up 21 enterprises in 18 countries, including Western Europe, North America, Australia and the Middle East.

Since 1980 the province has signed 35 contracts for labor service with 15 countries and regions, including the United States and Iraq, involving 30 million U.S. dollars.

Hebei Reports 1989 Total Grain Output

SK2901123590 Shijiazhuang HEBEI RIBAO in Chinese 25 Dec 89 p 1

[Summary] Despite natural disasters, Hebei Province still reaped a fairly good agricultural harvest in 1989. The total grain output reached 20.685 billion kg, an increase of 460 million kg over 1988. The total grain sowing acreage throughout the province reached some 101.03 million mu, an increase of 1.14 million mu over the previous year.

Inner Mongolia's Industrial Achievements Reported

SK2101080290 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 12 Jan 90

[Summary] According to the newest report given by the autonomous regional statistical bureau recently, the region's total industrial output value in 1989 reached 14.405 billion yuan, a 1.5 billion-yuan increase over 1988. Its industrial enterprises overfulfilled the annual production plan by 3.93 percent. The 1989 total output

value of the heavy industrial enterprises at or above the township level reached 8.161 billion yuan, a 14.4 percent increase over 1988. Under the influence of unfavorable factors, such as the weakening of markets and the shortage of raw materials, the total light industrial output value reached 6.238 billion yuan, a 7.43 percent increase over 1988.

Inner Mongolia Reports Large Lead-Zinc Deposit

SK0102122790 Hohhot NEIMENGGU RIBAO in Chinese 4 Jan 90 p 1

[Text] Thanks to the hard work of geological workers, the detailed geological survey of the Baiyinnuoer lead-zinc deposit, which is located in Bairin Left Banner in the northeast area of Chifeng City in Inner Mongolia and which was discovered by local herdsman Sangbu in 1971, was completed in 1989. A report on the survey was written in November of last year and passed the initial examination by the Inner Mongolia Autonomous Regional Geological and Mineral Resources Bureau. The reserves verified through this survey are close to the reserves of 5 large-scale lead-zinc mines and are 12 times greater than the previously verified reserves, which were deemed as medium-sized. The average lead-zinc content of the mine is higher than the norm for high-grade ore. The mine is currently the only large high-grade lead-zinc ore mine in areas to the north of Chang Jiang. The report is being sent to the Ministry of Geology and Mineral Resources for final examination.

In addition to its being large scale and having a high lead-zinc content, the mine has shallow ore beds, is easy to mine, possesses good property for ore dressing, and has good transportation service. It also contains such beneficial elements as silver and cadmium that can be comprehensively recycled. The grade of silver is 31.03 grams per ton, and the reserves are deemed large scale. The grade of cadmium is 0.02 percent, and the reserves are close to those of three large-scale cadmium mines.

Based on the reserves of lead, zinc, silver and cadmium, the calculated economic value of the mine exceeds 60 billion yuan. Development and utilization of the mine will bring tremendous economic results to our region. The local government has completed construction of an ore dressing plant with the daily processing capacity of 100 tons, and put into operation another one with the daily processing capacity of 300 tons. Daily output of concentrate lead and zinc powder is about 30 tons, and the output value is 60,000 yuan. The mine has become the major financial pillar of the local government. It has been listed by the autonomous regional government as one of the mines of nonferrous metal to be expanded on a priority basis during the Eighth 5-Year Plan period.

Inner Mongolia Reports Increased Coal Output

SK2901130190 Hohhot Inner Mongolia Regional Service in Mandarin 1130 GMT 28 Jan 90

[Summary] In 1989, the broad masses of staff members and miners of coal industrial enterprises throughout the autonomous region succeeded in maintaining the trend of sustained, stable, and harmonious development in coal production. The region's raw coal output first broke the record of 40 million tons and reached 41.17 million tons, a 10.81 percent increase over the state assignment. These coal industrial enterprises realized more than 100 million yuan in their output value and fulfilled overall the state assignment of geological prospecting work.

Shanxi State-Owned Coal Mines Exceed Quotas

OW0202222290 Beijing XINHUA in English 1535 GMT 2 Feb 90

[Text] Taiyuan, February 2 (XINHUA)—Seven major state-owned coal mines in Shanxi Province produced 7.33 million tons of coal in January this year, 344,800 tons more than the planned output, in spite of the two major holidays in the month.

Many leading officials from the seven mining administrative bureaus went down into the pits to work with miners to boost their morale.

Many miners living in other parts of the country voluntarily gave up their vacations and stuck to their posts during the Spring Festival season.

Workers at Yungang Mine, which Communist Party General Secretary Jiang Zemin visited during on the eve of the Spring Festival, working up to 10 hours a day, surpassed their monthly quota by 10,000 tons.

Shanxi Province, with coal reserves of 871 billion tons, has one quarter of the country's total coal reserves. A national survey in 1988 found coal reserves under 39 percent of the province.

Tianjin Strives To Improve Economic Environment

OW0702131690 Beijing XINHUA in English 1036 GMT 7 Feb 90

[Text] Tianjin, February 7 (XINHUA)—The retail price of consumer goods in Tianjin, a leading port city in north China, rose by 15.1 percent last year, the lowest increase registered by any of the 35 major cities of China.

The prices of major non-staple foods and other daily necessities remained unchanged or fell slightly and the price of expensive durable goods showed a sharp drop.

Statistics showed that residents savings deposits in Tianjin totalled 8.97 billion yuan last year, 1.92 billion more than in the previous year.

Dong Ying, deputy-director of the Tianjin municipal statistics bureau, said these achievements were part of the efforts to improve the economic environment and straighten out the economic order.

The local government also cut off 620 new projects last year, controlled institutional purchasing power and tightened bank lending.

The gross value of the city's agricultural and industrial output totalled 49.9 billion yuan last year, 8.7 percent more than the previous year's figure.

The city approved 122 new projects involving foreign investment and exported 1.6 billion yuan worth of goods.

Dong said the annual wage income of workers averaged 2,138 yuan last year, 0.015 percent higher than in the previous year.

Tianjin Port Exceeds Foreign-Exchange Plan

SK3001124690 Tianjin TIANJIN RIBAO in Chinese 8 Jan 90 p 1

[Summary] In 1989, the port of Tianjin created $1,683510,000 of foreign exchange through exports, overfulfilling the annual plan by 7.3 percent. This was an increase of 2.1 percent over the previous year. Of this sum, $52 million of foreign exchange was created through exports by Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and wholly foreign-owned enterprises, an increase of more than 100 percent over the previous year.

Tianjin Reports Rural Economic Achievements

SK1701045190 Tianjin City Service in Mandarin 2300 GMT 12 Jan 90

[Summary] Tianjin Municipality continuously maintained a good trend in its rural economy of achieving stable and harmonious development in 1989. The total product of its rural society in 1989 reached more than 21.6 billion yuan, a 20.7 percent increase over 1988. Despite the serious disasters, its total grain output reached 1.509 billion kg, a 0.6 percent increase over 1988. Its cotton output showed a 14 percent increase over 1988, and its oil-bearing seeds output showed a 16 percent increase over 1988. The total output value of town-run enterprises reached 16 billion yuan, a more than 21 percent increase over 1988. The export value scored by the municipality's agricultural front reached 1.103 billion yuan, a 33.7 percent increase over 1988. The per-peasant net income may surpass the 1,000 yuan record, a more than 10 percent increase over 1988. The municipality's per-capita net income has surpassed the 600 yuan record.